Supreme Court, U.S.
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In The

Supreme Court of the United States

SOUTHCO, INC.,

Petitioner,

v.

KANEBRIDGE CORPORATION,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Third Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether digital works which are produced by the rules of a numbering system created by the author are categorically uncopyrightable.

2. Whether digital works which have nine or fewer digits are categorically uncopyrightable.

RULE 29.6 DISCLOSURE STATEMENT

Southco, Inc. is a wholly-owned subsidiary of South Chester Tube Company, a Pennsylvania corporation. There are no subsidiaries or affiliates of South Chester Tube Company or Southco, Inc. that have issued shares to the public.

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The July 20, 2001 Opinion of the Court of Appeals for the Third Circuit reversing the preliminary injunction is reported at *Southco, Inc. v. Kanebridge Corp.*, 258 F.3d 148, 2001 U.S. App. LEXIS 16245, 59 U.S.P.Q.2d (BNA) 1514 (3d Cir. Pa. 2001) and is reproduced at App. 68-85.

The November 15, 2001 Order of the District Court granting Kanebridge summary judgment dismissing Southco's copyright claim is unreported and is reproduced at App. 86-90.

The March 26, 2003 Opinion of the Court of Appeals for the Third Circuit reversing the summary judgment is reported at 324 F.3d 190, 2003 U.S. App. LEXIS 5857, 66 U.S.P.Q.2d (BNA) 1308 (3d Cir. Pa. 2003) and is reproduced at App. 91-104.

The April 25, 2003 Order of the Court of Appeals granting rehearing *en banc* and vacating the panel decision is reported at *Southco, Inc. v. Kanebridge Corp.*, 2003 U.S. App. LEXIS 9786 (3d Cir. Pa. Apr. 25, 2003), reproduced at App. 195.

The September 18, 2003 Order of the Court of Appeals for the Third Circuit that it will hear argument on the issues involving the merits of the case only, in particular, copyrightability and the fair use doctrine is unreported and is reproduced at App. 193-194.

The December 3, 2004 Opinion of the Court of Appeals for the Third Circuit *en banc*, affirming the summary judgment dismissing the copyright complaint, as amended December 8, 2004 and December 13, 2004 is reported at 390 F.3d 276, 2004 U.S. App. LEXIS 24935, 73 U.S.P.Q.2d (BNA) 1071 (3d Cir. Pa. 2004) and is reproduced at App. 1-49.

The January 31, 2005 order Sur Petition For Rehearing, denying the petition for rehearing is unreported and is reproduced at App. 106-107.

The April 11, 2005 Order of the Court of Appeals for the Third Circuit granting Southco access to cited authority is unreported and is reproduced at App. 105.

JURISDICTION

The Judgment of the Court of Appeals for the Third Circuit affirming the summary judgment dismissing Petitioner's copyright complaint was entered on December 3, 2004.

The Order of the Court of Appeals denying Petitioner's petition for rehearing was entered on January 31, 2005. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

1. Article 1, Section 8, Clause 8 of the Constitution provides:

> [Congress shall have the power] To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

2. Section 102(a)(1), Title 17, U.S.C. provides:

> Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories: (1) literary works; . . .

3. Section 101, Title 17, U.S.C. provides:

> "Literary works" are works, . . . expressed in words, numbers, or other verbal or numerical symbols or indicia, . . .

4. Section 102(b), Title 17, U.S.C. provides:

> In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

5. Section 202.1, 37 C.F.R, provides:

> The following are examples of works not subject to copyright and applications for registration of such works cannot be entertained: (a) Words and short phrases such as names, titles, and slogans; familiar symbols or designs; mere variations of typographical ornamentation, lettering or coloring; mere listing of ingredients or contents. . . .

STATEMENT OF THE CASE

This case concerns the copyrightability of digital works in which each digit conveys codified information. Although the digital works are referred to as "part numbers," they are not numbers as such: the digits have only symbolic value. These digital works are used in manufacturing and marketing captive screws, which are a type of fastener. App. 2-3, 51-53.

The Bisbing Declaration is the evidence in this case of the creation of the numbers.[1] Mr. Bisbing both designed the captive screws and created the numbers. He first determined upon the characteristics or other values of the fasteners that he wished to reflect in the part numbers. He then created the digits by selecting the numerals and the range of the numerals for each digit in the nine-digit number. The range of numerals depended upon the number of values he wished each digit to reflect. The numbers were created digit-by-digit, with the ranges of numerals for each digit corresponding to each of the numbers. By

[1] The Bisbing Declaration, cited herein as "Bisbing," is filed under seal in this Court to protect confidential manufacturing information.

this means, all of the numbers in the system were created at the same time. Bisbing, ¶¶ 10-19.

The present civil action was filed when Kanebridge copied Southco's part numbers and began using them in its advertising material for marketing its own products. Kanebridge and its customers were invited to use Southco's part numbers for the selection and manufacturing of Kanebridge's captive screws. App. 52, 62.

Southco moved for and was granted a preliminary injunction by the district court. App. 66. It was reversed on appeal. App. 68-85 (Southco I). Upon remand, the district court entered summary judgment against Southco solely on the basis that the appellate ruling was the law of the case. App. 86-90. On Southco's appeal, a second panel reversed the summary judgment and remanded for consideration of the Bisbing affidavit. App. 91-104. (Southco II). On Kanebridge's motion for rehearing, the Third Circuit *en banc* vacated the second panel's ruling and affirmed the summary judgment, not on the law of the case, but on the merits, ruling that the part numbers were categorically uncopyrightable as a matter of law. App. 1-49. (Southco III).

REASONS FOR GRANTING THE PETITION

1. The Third Circuit Decision Has A Potentially Significant National Impact

The judges of the Third Circuit, in the majority and in dissent, agree that the decision in this case will have a broad impact. The majority based its decision in part upon the expectation that it would affect "a huge number" of part and product numbers "and other analogous numbers." App. 20. The dissent predicted that the decision could deny copyright protection to "large swaths of rule-based original works." App. 41.[2]

The Third Circuit decision declares two categories of works to be uncopyrightable: digital works of nine or fewer digits, however creative; and works of any length which are produced by the rules of a system. App. 11, 17, 18, 20. The first category, of course, excludes over one billion digital works from copyright protection, regardless of their creativity. The second category excludes an incalculably large number of original works. The "huge number" of "analogous" numbers would include computer object code which is a perfect example of a string of numbers mechanically produced by the inflexible rules of a system. Computer operating instructions written in source code

[2] In response, the majority stated that it was deciding "what is before us, i.e., the Southco part numbers," (App. 21, n.7), but, at the same time stated that "other analogous numbers" would be affected by its decision. App. 20. As a precedential decision, it will clearly cover subject matter falling precisely within the court's rule of decision.

are mechanically transformed into a string of 1's and 0's by a compiler or assembler.[3]

The potential impact of the Third Circuit decision is already apparent in the March 30, 2005 decision of the Court of Appeals for the Sixth Circuit in *ATC Distribution Group, Inc. v. Whatever It Takes Transmission & Parts, Inc.*, 2005 U.S. App. LEXIS 5059 (6th Cir. 2005) (App. 160-192). The Sixth Circuit applied the rule of the Third Circuit decision to hold part numbers produced by the rules of a system uncopyrightable, stating "even if the underlying system is original and creative, the numbers themselves are not copyrightable unless they are assigned to parts in a creative way," citing Southco I. App. 173-174. The part numbers were also held uncopyrightable as "short phrases."[4]

The national significance of the Third Circuit decision is also reflected in the involvement of the United States in this case. The two bases for the Third Circuit decision were initiated and injected into the case by the United States, acting expressly in furtherance of its interest in national competition policy and in order to implement, as federal law governing digital works, the Copyright Office "short phrases" regulation.

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[3] *See, Introduction to A New Paradigm In Intellectual Property Law?: The Case Against Open Sources*, Mathias Strasser, 2001 Stanford Technical Law Review 4, for a brief documented summary of the functions of and relationship between source code and object code.

[4] The Sixth Circuit opinion cites Southco I and Southco II but makes no reference to Southco III, even though the *en banc* decision was published nearly four months before the Sixth Circuit decision was filed, and Southco III had been submitted to the court as supplemental authority on December 8, 2004.

2. The Third Circuit Decision Conflicts With The Decisions Which Require Digital Works To Be Systematic Or Rule-Based

Prior to the Third Circuit decision in this case, it appears that no court of appeals had held a digital work, or any other work, categorically uncopyrightable because it was produced systematically or in accordance with a set of rules. On the contrary, the Eighth Circuit, in *Toro Co. v. R&R Products Co.*, 787 F.2d 1208 (8th Cir. 1986), held digital works to be uncopyrightable because they were *not* organized in any meaningful pattern and the numbers did not encode any kind of information at all. App. 138-141. 787 F.2d at 1213. In *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366 (10th Cir. 1997), the Tenth Circuit cited and followed the *Toro* decision to hold digital works uncopyrightable on the same basis. App. 122-125.

In *American Dental Ass'n v. Delta Dental Plans Ass'n*, 126 F.3d 977 (7th Cir. 1997), the court held five-digit numbers to be copyrightable because they were part of a taxonomy. App. 152-153. The court found not only the system of numbers to be copyrightable, but the individual elements, including the numbers as well. *Ibid.*

The *American Dental* decision was the subject of considerable debate in the Court of Appeals throughout this case, the majority deeming it distinguished and the dissent considering it directly in point. App. 17, n.4, 25, 36 n.13, 81-84, 103-104. The Sixth Circuit in the *ATC Distribution* case, although adopting the Third Circuit decision, acknowledged the conflict with *American Dental*, concluding that the Seventh Circuit was wrong. App. 171-174.

The Third Circuit decision also conflicts with the *American Dental* decision in holding that digital works of

nine or fewer numbers are categorically uncopyrightable. In *American Dental*, digital works of five digits were held copyrightable. App. 153-154.

3. The Third Circuit Decision Will Sow Confusion Because It Is Contrary To The Statutory Scheme Of The Copyright Act As Approved By The Supreme Court In The *Feist* Case

a) The Rejection Of The Idea/Expression Scheme Of The Copyright Act Will Cause Confusion

The 1976 Copyright Act was the result of a massive legislative effort over a period of fifteen years involving the careful balancing of substantial interests reflected in the precise language of the statute. *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 159-162 (1985). One of the principal achievements of the Act was to define copyrightable subject matter for the first time. *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340, 355-356 (1991). Section 102(a) specifies what is copyrightable: an original work of authorship fixed in a tangible medium of expression. Section 102(b) specifies those aspects of a work to which copyright protection does not extend. The purpose of § 102(b) is to restate, in the context of the single federal system of copyright, the basic dichotomy between expression and idea. H.R. Rep. No. 94-1476.

As exemplified in the *Feist* opinion, "originality" of a work is determined by examining the process of selection and organization by which it is produced in order to determine whether or not it displays some minimal level of creativity. 499 U.S. at 361-364. If the necessary creativity, the "intellectual concept," is found in the underlying procedure or process, the resulting expression is copyrightable, even if

mechanically produced. *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53 (1884).

In this case, the Third Circuit majority has devised a new formula to determine the copyrightability of a digital work which is a complete departure from the precise formula spelled out in the Copyright Act. The originality analysis prescribed in the *Feist* case is deemed unnecessary and the idea/expression analysis is "beside the point" and not relevant. App. 17, n.4.[5] Instead of seeking originality in the system by which the numbers are produced, the Third Circuit stands that process on its head, holding that the very fact that the expression, i.e., the numbers, are produced by the system, renders them uncopyrightable. *Cf. Burrow-Giles, supra.*

The divergence of the Third Circuit's new standard for determining the copyrightability of digital works from that prescribed by the Copyright Act invites confusion. Digital technology is evolving rapidly. The new test for copyrightability will prejudice the efforts of creators working in tomorrow's as yet unimagined technologies to secure protection for their work. For any new digital work, it will first have to be determined whether it is to be assessed for originality or whether that assessment is rendered unnecessary because the work is produced by the rules of a system. That defeats the legislative purpose of providing a comprehensive definition of copyrightable subject matter. If allowed to stand, this decision must inevitably sow confusion with respect to the copyrightability of digital works.

[5] The dissenting opinion of Judge Roth provides the idea/expression analysis set up by §§ 102(a) and (b).

b) The Third Circuit's "Short Phrases" Decision Will Cause Confusion In The Copyrightability Of Digital Works

The Third Circuit majority's determination that digital works of nine or fewer digits are categorically excluded from copyright, regardless of their creativity, will likewise produce confusion. In the terms of the majority, there is no "principled basis" for granting or denying copyright protection to any digital work on the basis of the number of digits. The majority's prediction that its decision will affect a "huge number" of works is undoubtedly correct. But what will that effect be? The Third Circuit decision leaves wide open the question: how many digits is enough? That question makes clear that the Third Circuit decision will inevitably produce confusion where it does not now exist in the determination of the copyrightability of digital works.

As with the Third Circuit's preclusion of copyright protection for rule-based digital works, the denial of copyrightability to creative works of nine or fewer digits is flatly contrary to the legislative scheme. The test is "originality," not the number of digits. If copyright protection is to be denied to original and creative digital works solely on the basis of the number of digits they contain, it must be done by the Congress. *Barnhart v. Sigmon Coal Co.*, 534 U.S. 438, 461-462 (2002); *U.S. Dept. of Justice v. Landano,* 508 U.S. 165, 180-181 (1993). Tampering with the carefully worked out legislative definition of copyrightable subject matter will only cause confusion.

CONCLUSION

This case presents to the Court basic issues of law concerning the protection of digital works under the Copyright Act of 1976. The issues could not be more clearly or better defined than they are on the present summary judgment record.

The Petition for a Writ of Certiorari should be granted.

Respectfully submitted,

DATE: May 2, 2005

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SOUTHCO, INC.,

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On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Third Circuit

APPENDIX TO PETITION FOR A WRIT OF CERTIORARI

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2. The January 12, 2000 Opinion and Order of the District Court for the Eastern District of Pennsylvania, granting Southco a preliminary injunction is reported at *Southco, Inc. v. Kanebridge Corp.*, 2000 U.S. Dist. LEXIS 112, 53 U.S.P.Q.2d (BNA) 1490 (E.D. Pa. Jan. 12, 2000).....App. 50

3. The July 20, 2001 Opinion of the Court of Appeals for the Third Circuit reversing the preliminary injunction is reported at *Southco, Inc. v. Kanebridge Corp.*, 258 F.3d 148, 2001 U.S. App. LEXIS 16245, 59 U.S.P.Q.2d (BNA) 1514 (3d Cir. Pa. 2001).....App. 68

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12. The September 18, 2003 Order of the Court of Appeals for the Third Circuit that it will hear argument on the issues involving the merits of the case only, in particular, copyrightability and the fair use doctrine is unreported App.193

13. The April 25, 2003 Order of the Court of Appeals granting rehearing *en banc* and vacating the panel decision is reported at *Southco, Inc. v. Kanebridge Corp.*, 2003 U.S. App. LEXIS 9786 (3d Cir. Pa. Apr. 25, 2003) ..... App. 195

SOUTHCO, INC., Appellant v. KANEBRIDGE CORPORATION.

No. 02-1243.

UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT.

390 F.3d 276; 2004 U.S. App. LEXIS 24935; 73 U.S.P.Q.2d (BNA) 1071

December 3, 2002, Argued; October 8, 2003, Reargued En Banc December 3, 2004, Opinion Filed

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MARK S. DAVIES (Argued), United States Department of Justice, Civil Division, Appellate Staff, Washington, DC, for Amicus Curiae The United States of America.

JUDGES: Before SCIRICA, Chief Judge, SLOVITER, NYGAARD, ALITO, ROTH, McKEE, RENDELL, BARRY, AMBRO, FUENTES, SMITH, CHERTOFF, and BECKER, Circuit Judges. BECKER, Circuit Judge, concurring, with whom Judges MCKEE and SMITH join. ROTH, Circuit Judge, dissenting, with whom Judge CHERTOFF joins.

OPINION BY: ALITO

OPINION:

OPINION OF THE COURT

ALITO, Circuit Judge: star 1*

This is an appeal in a copyright case. Southco, Inc. alleges that Kanebridge Corp. violated its copyright by referring to the serial numbers that Southco assigned to certain parts that it manufactures. The District Court issued a preliminary injunction forbidding Kanebridge from making such references, but a panel of this Court reversed, holding that Southco was unlikely to succeed on the merits because the serial numbers lacked sufficient originality to be copyrighted. On remand, the District Court granted Kanebridge's motion for summary judgment on the copyright claim, but a different panel of our Court reversed, holding that an affidavit submitted by Southco in opposition to Kanebridge's summary judgment motion was sufficient to demonstrate that the numbers reflected considerable creativity. We now hold that the numbers are not protected by copyright, and we therefore affirm the order granting summary judgment in favor of Kanebridge.

I.

Southco manufactures a variety of products, including rivets, latches, handles, and "captive fasteners" that are used to fasten two panels together. A "captive" fastener is one whose components are retained in the outer panel when the two panels are detached. "Captive screws" are a type of captive fastener. Each captive screw consists of a "knob" (the component that surrounds the screw head), the screw itself, and a "ferrule" (a component that houses the

* Chief Judge, SCIRICA and Judges SLOVITER, NYGAARD, RENDELL, BARRY, AMBRO, FUENTES join this opinion. Judges MCKEE, SMITH, and BECKER Join Parts I and II.

screw). The captive screw is mounted in the outer panel by means of the ferrule. The other panel contains an internally threaded insert that receives the screw. Captive screws differ among themselves with respect to a few characteristics, such as composition, screw length, screw diameter, thread size, and finish.

To assist its employees and customers in identifying and distinguishing among its products, Southco developed a numbering system under which each particular digit or group of digits signifies a relevant characteristic of the product. Southco has referred to one of the numbers at issue in this case, part number 47-10-202-10, to show how the system works. The first two digits ("47") show that the part falls within a class of captive screws. Other digits indicate characteristics such as thread size ("632"), composition of the screw (aluminum), and finish of the knob ("knurled"). *See Southco, Inc. v. Kanebridge Corp.*, 258 F.3d 148, 149 n.2 (3d Cir. 2001) ("Southco I") (quoting Southco's brief).

A person who understands the Southco system can use it in two ways. First, the person can readily determine from a product number the characteristics of the product designated – for example, the type of product (say, a screw), the type of screw, and all of the characteristics that a user might need to know. Second, working in reverse, a person who knows the characteristics of the product needed for a particular job can determine the number of the product with the desired characteristics. Southco includes its product numbers in handbooks that it publishes each year, and Southco has secured copyright registrations for several of its handbooks.

According to Southco, its part numbers play a significant role in the subcontracting of work on computers and telecommunications equipment. Computer and telecommunications equipment manufacturers often use "subassemblies" supplied by subcontractors, and manufacturers often use Southco part numbers to specify the captive fasteners to be used in these subassemblies. However, manufacturers sometimes permit subcontractors to substitute equivalent fasteners manufactured by companies other than Southco, and this gives the subcontractors an incentive to substitute cheaper fasteners made by Southco's competitors. *See* Joint Appendix ("A") 18-19.

Matdan America ("Matdan") is a Southco competitor that manufactures panel fasteners. Kanebridge, known as Matdan's "master distributor," sells Matdan fasteners to other distributors, often at prices lower than Southco's. In order to demonstrate that its fasteners have the same characteristics as Southco's but are sold at lower prices, Kanebridge began to use Southco's part numbers in comparison charts that were included in advertisements and other literature provided to customers. These charts display Kanebridge's and Southco's numbers for equivalent fasteners in adjacent columns, making it clear that the two companies' parts are interchangeable. According to Kanebridge, the "ability to cross-reference Southco panel fasteners in an honest, accurate and comparative manner" is necessary to make competition viable. Kanebridge's Southco I Brief at 7. Without this ability, Kanebridge insists, customers would lose the opportunity to obtain lower-cost alternative fasteners. *Id.*

Southco commenced this action against *Kanebridge*, asserting a claim for copyright infringement under 17 U.S.C. §§ 501-05, 509, as well as Lanham Act claims for

false advertising (15 U.S.C. § 1125(a)), trademark infringement (15 U.S.C. § 1114(l)), and unfair competition (15 U.S.C. § 1125(a)), and claims for common law trademark infringement and trademark dilution. In support of its copyright infringement claim, Southco alleged that Kanebridge had copied 51 part numbers for Southco's "Class 47 captive screw fasteners." A23. Examples of the numbers that Southco claimed are protected by copyright are the following:

47-11-502-10
47-10-502-50
47-12-502-50
47-62-501-20

A24. *Southco* alleged that *Kanebridge* had used these copyrighted numbers in "advertising, product brochures, catalogs, reference guides, packaging and/or price lists." *Id.*

The parties agreed to a temporary restraining order containing various restrictions on Kanebridge's use of Southco's part numbers, but when the parties failed to agree on the scope of a preliminary injunction, *Southco* moved for a preliminary injunction preventing *Kanebridge* from making any reference to Southco's numbers. The District Court granted the motion, concluding, among other things, that Southco's "numbering *system* is copyrighted." *Southco, Inc. v. Kanebridge Corp.*, 2000 U.S. Dist. LEXIS 112, No. 99-4337, 2000 WL 21257, at *1 (E.D.Pa. 2000) (emphasis added). The Court wrote:

> *The Numbering System*, with its unique, non-intuitive and highly complex attributes, easily satisfies the standard for originality. It was created out of nothing, and has developed to some use as an industry standard. . . . It is expandable

> as new products are developed, and is of use to Southco employees and customers.

Id. 2000 U.S. Dist. LEXIS 112 at *3 (emphasis added).

On appeal, a panel of this Court reversed. *Southco I*, 258 F.3d at 148. The *Southco I* panel began by noting that, "for purposes of copyright law, . . . Southco's numbering system and the actual numbers produced by the system are two very different works" and that Southco's claim was based exclusively on the actual numbers and not on the system. *Id.* at 151-52 (footnote omitted). The panel wrote that Southco had "unquestionably devoted time, effort, and thought to the creation of the numbering system" but that Southco's system made it "impossible for the numbers themselves to be original." *Id.* at 153 (emphasis omitted). Focusing on the use of the Southco system to assign a number to a product in an existing product line,[1] the *Southco I* panel wrote:

> The part has certain relevant characteristics, and the numbering system specifies certain numbers for each of those characteristics. As a result, there is only one possible part number for any new panel fastener that Southco creates. This number results from the mechanical application of the system, not creative thought. If Southco were to develop a new fastener and for some reason decide to exercise creativity when assigning it a number, the resulting part number would fail to accomplish its purpose. Regardless

[1] We use the term "product line" to mean a category of products that have the same relevant "characteristics" but that differ with respect to the "values" of some or all of those characteristics. Thus, in this usage, screw length is a characteristic, and a screw length of 1/4 inch is a value.

> of how small the change is, customers could not effectively identify the relevant characteristics of the panel fastener by simply looking at its part number.

Id. at 153. The *Southco I* panel thus concluded that "the creative spark is utterly lacking in Southco's part numbers and that these numbers are examples of works that fall short of the minimal level of creativity required for copyright protection." *Id.* at 152.

On remand, *Kanebridge* moved for summary judgment. In response, *Southco* submitted the affidavit of Robert H. Bisbing, a retired Southco engineer who had designed numerous fasteners for Southco and had assigned them product numbers. A262-63. Bisbing explained how he had assigned product numbers to a new class of enclosed retractable captive screws that included 405 variations. A264-71. Bisbing recounted that "it had long been Southco's practice to create a system of numbers for each class of its products," including classes of drive rivets, latches, pulls, and handles, as well as fasteners. A264. He stated that the relevant characteristics of this new class differed from those of previous classes and that he therefore adapted the system to apply to the new line. A267. Bisbing elaborated:

> Although there were a variety of Southco numbering systems in existence in 1971 when I created the enclosed retractable captive screw, including for several classes of captive screws, none of them could be used for the new product. Each of the systems of part numbers that had been created for existing products identified particular values pertinent to those products which would not be useful in the new fasteners.

Id. Bisbing therefore identified the characteristics to be designated in the product numbers for the new class and assigned numbers to represent variations within each characteristic. A267-71. For example, he decided to use the fifth digit in each number to show thread size. A269.

The District Court expressed continuing disagreement with the decision in *Southco I* but nevertheless granted Kanebridge's motion for summary judgment on the copyright infringement claim, finding that Bisbing's affidavit provided no new material evidence. A305-06. The District Court further noted that Bisbing's affidavit concerned the creation of the system, not the numbers, and that, under *Southco I*, the creativity of the numbers was the only relevant issue. A314. The parties settled the remaining claims, and Southco appealed the order granting summary judgment on the copyright infringement claim.

On appeal, a panel of our Court reversed. *Southco, Inc. v. Kanebridge Corp.*, 324 F.3d 190, 193 (3d Cir. 2003) ("*Southco II*"). The *Southco II* panel stated that "the *Southco I* panel's conclusion regarding originality involved, at least in part, factual determinations regarding the process by which Southco develops numbers" and that the Bisbing declaration suggested that the prior panel's "conclusions regarding the relationship between the numbering system and the product numbers ha[d] no basis in fact." *Id.* at 196. According to the *Southco II* panel, the earlier panel had labored under the false impression that "the product numbers are mechanically dictated by a preexisting numbering system." *Id.* at 196. The *Southco II* panel concluded that Bisbing's declaration "called into doubt the *Southco I* panel's factual conclusions about the process by which Southco assigns numbers to new fasteners." *Id.* at 197. The *Southco II* panel continued:

> Bisbing's declaration does not indicate that the inventor of a new fastener determined the physical characteristics of the new fasteners and then consulted Southco's numbering system to mechanically assign a product number that described those physical characteristics. To the contrary, the Bisbing declaration states that Bisbing exercised creativity and choice in determining the values to be reflected in the numbers.

Id. at 197. The *Southco II* panel therefore reversed the decision of the District Court and remanded "for consideration of the Bisbing declaration." *Id.* We subsequently voted to rehear this case en banc and vacated the panel opinion.

II.

We hold that the Southco part numbers are not copyrightable. Two different lines of reasoning lead us to this conclusion.

A.

First, as we held in *Southco I*, the Southco numbers are not "original." Under Article I, section 8 of the Constitution, Congress has the power "to secure for limited Times to Authors . . . the exclusive Right to their respective Writings." As used in this provision, the terms "Authors" and "Writings" "presuppose a degree of originality," and therefore "originality is a constitutional requirement." *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 346, 113 L.Ed.2d 358, 111 S. Ct. 1282 (1991). Accordingly, Congress has provided copyright protection for "*original* works of authorship fixed in any tangible medium

of expression." 17 U.S.C. § 102(a) (emphasis added). In order to satisfy the "original works" requirement, a work must be original in the sense that it was not copied from another's work and in the sense that it shows creativity ("the creativity requirement"). *Feist*, 499 U.S. at 361-363. Although the creativity requirement is not "stringent," there is "a narrow category of works in which the creative spark is utterly lacking or so trivial as to be virtually nonexistent." *Id.* at 358-59.

Feist illustrates the meaning of the creativity requirement. There, the Rural Telephone Service Company, a provider of local telephone service, published a typical phone book that contained "white pages" listing in alphabetical order the names, towns, and telephone numbers of its subscribers. *Feist*, 499 U.S. at 342. Rural held a valid copyright in its book as a whole because it contained some original material in the forward and in the yellow pages, and Rural claimed that Feist, which published its own phone book, had infringed Rural's copyright by copying the names, numbers, and towns of the subscribers listed in Rural's white pages. *Id.* at 344, 361. Rural "essentially concede[d]" that the names, addresses, and numbers were uncopyrightable facts, but Rural argued that its selection, coordination, and arrangement of these facts reflected sufficient originality to merit copyright protection. *Id.* at 361-62.

The Supreme Court rejected this argument because Rural published "a garden-variety white pages directory, devoid of even the slightest trace of creativity." *Feist*, 499 U.S. at 362. The Court observed that "Rural's selection of listings could not be more obvious: It publishes the most basic information – name, town, and telephone number – about each person who applies to it for telephone service."

Id. "This is 'selection' of a sort," the Court stated, "but it lacks the modicum of creativity necessary to transform mere selection into copyrightable expression." *Id.* The Court also saw little creativity in Rural's "coordination and arrangement of facts," noting that Rural had simply listed its subscribers in alphabetical order, "an age-old practice, firmly rooted in tradition and so commonplace that it has come to be expected as a matter of course." *Id.* at 363.

B.

In this case, the Southco product numbers are not "original" because each number is rigidly dictated by the rules of the Southco system. Because ideas may not be copyrighted, Southco does not assert any claim of copyright in its numbering *system*, but instead focuses on *the part numbers themselves.* The numbers, however, do not reflect any creativity.

To be sure, before any Southco product could be numbered, Southco had to create the numbering system applicable to products in that line. It had to identify the relevant characteristics[2] of the products in the class (that is, the characteristics that would interest prospective purchasers); it had to assign one or more digits to express each characteristic; and it had to assign a number or other symbol to represent each of the relevant values[3] of each characteristic. For example, Southco might decide that, for a class of screws, composition was a relevant characteristic; it might assign the eighth digit to indicate

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[2] We define our use of the term "characteristic" in footnote one, *supra.*

[3] We define our use of the term "value" in footnote one, *supra.*

composition; and it might use the number 1 to indicate aluminum, 2 to indicate steel, and so on.

Once these decisions were made, the system was in place, and all of the products in the class could be numbered without the slightest element of creativity. Indeed, if any creativity were allowed to creep into the numbering process, the system would be defeated. Suppose, for example, that the person given the task of actually numbering the products in the class in accordance with the applicable rules of the system decided that it would be more fitting to indicate aluminum composition with the number 13 (its number in the periodic chart) rather than the number 1. Customers who wished to purchase aluminum screws but were unaware of this variation would be befuddled. In short, an essential attribute of the numbering process and the resulting numbers is an utter absence of creativity. We thus reaffirm what we said in *Southco I*: the number assigned to each Southco product "results from the mechanical application of the system, not creative thought." 258 F.3d at 153. As a leading treatise states, "basic copyright principles" lead to the conclusion that copyright protection should not be extended to part numbers that represent "an inevitable sequence dictated by the logic of the parts system." 1 WILLIAM F. PATRY, COPYRIGHT LAW AND PRACTICE 46 (2d ed.2004) (forthcoming). *See also* 1 JOHN W. HAZARD, JR., COPYRIGHT LAW IN BUSINESS AND PRACTICE § 2.58 at 2-79 to 2-80 (2002) (*Southco I* "persuasive" in distinguishing between numbers assigned pursuant to process that requires creativity and numbers assigned under system that leaves no room for creativity).

Nothing in the Bisbing declaration undermines this analysis. The Bisbing declaration points out that before

the parts in a particular product class (i.e., a group of products having the same relevant characteristics) can be numbered, a person must identify the product characteristics to be reflected in the numbers and must devise the code to be used to express those characteristics. Southco had to undertake this process when it first devised its system, and it must engage in a similar process whenever it undertakes to number a new product class with relevant characteristics that are different from the products in the existing classes.

A few examples illustrate the point. Suppose that Southco, after originally devising its system for the purpose of numbering fasteners, decided to market and number a very different product, say, handles. In assigning numbers to its handles, Southco obviously could not simply use the system devised for its fasteners because door handles and fasteners have very different characteristics. For instance, an important characteristic of screws is the type of recess on the head, e.g., regular or Phillips. This is obviously not a relevant characteristic of handles.

To take another example, suppose that Southco, after previously numbering captive screws, decided to number a related but nevertheless different product, say, captive fasteners that can be tightened by hand. Again, because such fasteners do not have the same characteristics as captive screws (for instance, like handles, they also lack recesses for a regular or Phillips screwdriver), the system would have to be modified. All of this shows that a certain degree of thought goes into the development of the system for numbering each product line. But once the rules of the system applicable to the particular product class are set, the numbers themselves are generated by a mechanical

application of the rules and do not reflect even a spark of creativity.

In arguing that its product numbers satisfy the creativity requirement, Southco relies heavily on *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 28 L. Ed. 349, 4 S. Ct. 279 1884 Dec. Comm'r Pat. 186 (1884), which concerned the copyrightability of a photograph of Oscar Wilde. A statute in force at the time provided expressly that a photograph could be copyrighted, and therefore the Court turned to the question whether the statute was authorized by the Constitution. *Id.* at 55-56. Based on early statutes and long settled practice, the Court concluded that maps, engravings, and etchings could be copyrighted, and the Court added that "the only reason why photographs were not included" in one of the early statutes was "probably" because "photography, as an art, was then unknown." *Id.* at 58.

The Court then addressed the defendant's argument that no photograph could be copyrighted because a photograph does not "embody the intellectual conception of its author" but is instead "the mere mechanical reproduction of the physical features or outlines of some object animate or inanimate, and involves no originality of thought or any novelty in the intellectual operation connected with its visible reproduction in shape of a picture." *Burrow-Giles*, 111 U.S. at 58-59. The Court stated that "this may be true in regard to the ordinary production of a photograph, and, further, that in such case a copyright is no protection." *Id.* But the Court found it unnecessary to consider that question because it held that the particular photograph at issue was "an original work of art, the product of plaintiff's intellectual invention." *Id.* at 60. In reaching this conclusion, the Court noted a set of findings to the effect

that the photograph reflected the plaintiff's "own original mental conception, to which he gave visible form" by posing Oscar Wilde, "suggesting and evoking the desired expression," selecting and arranging "the costume, draperies, and other various accessories," and "arranging and disposing the light and shade." *Id.* (internal quotations omitted).

Southco argues that "the present case is similar to *Burrow-Giles.*" Southco Br. at 33. Southco likens the creation of its numbering system to creative work done by the photographer prior to snapping the photograph of Oscar Wilde, and Southco suggests that the next step in its case (i.e., the numbering of the Southco parts) was no less mechanical than the chemical processes that produced the photograph. *Id.* We see no merit in this analogy.

Southco's flawed analogy requires acceptance of the *Burrow-Giles* defendant's simplistic description of photography. The *Burrow-Giles* defendant basically contended that a photographer does not create a picture (as a painter or engraver does) but simply uses a machine to capture a bit of reality that existed at a particular place and time. In other words, while a painting or engraving is an expression of ideas in the artist's mind, a photograph is a bit of objective reality. Where, as in the case of the Oscar Wilde portrait, the photographer poses the subject, the photographer may exercise creativity in arranging the bit of reality to be captured by the photo, but the photograph itself is not expression.

If this view of photography were correct, photography could be analogized to the operation of the Southco numbering system, which objectively captures a few functional characteristics of products like screws. But the *Burrow-*

Giles defendant's description of photography is plainly inaccurate – as the *Burrow-Giles* decision recognized, at least with respect to the not "ordinary" photo that was before the Court.

The Southco numbers are purely functional; the portrait of Oscar Wilde, whatever its artistic merit, was indisputably a work of art. The Southco numbers convey information about a few objective characteristics of mundane products – for example, that a particular screw is one-eighth of an inch in length. A photographic portrait, by contrast, does not simply convey information about a few objective characteristics of the subject but may also convey more complex and indeterminate ideas. The Southco numbers are produced mechanically using a system with fixed rules. No photographic portrait is produced in a comparable way. While a portrait photographer may use conventional principles of photographic composition, those principles are not at all like the fixed rules of the Southco system. Accordingly, there is no real analogy between Southco's numbers and the Oscar Wilde photograph in *Burrow-Giles*.

There is also no merit to the analogy suggested at oral argument between the Southco numbers and a painting that an artist creates by causing paint to drop onto a canvass [sic]. An aleatoric painting (or other work of aleatoric art) does not result from the rigid application of a system of pre-set rules. On the contrary, the randomness that is employed expresses the artist's "mental conception." *Burrow-Giles*, 111 U.S. at 60. *See* 1 WILLIAM F. PATRY, *supra*, at 44.

In sum, we hold that the Southco part numbers are not protected by copyright because they are mechanically produced by the inflexible rules of the Southco system.[4]

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[4] Contrary to any suggestion to the contrary in the dissent, our decision is consistent with *American Dental Association v. Delta Dental Plans Associates*, 126 F.3d 977 (7th Cir. 1997), *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366 (10th Cir. 1997), and *Toro Co. v. R & R Products Co.*, 787 F.2d 1208 (8th Cir. 1986). *See Southco I*, 258 F.3d at 153-56.

There is also no tension between our decision in this case and *Whelan Assocs., Inc. v. Jaslow Dental Laboratory, Inc.*, 797 F.2d 1222, 1236 (3d Cir. 1986). In *Whelan Assocs.*, we held that the non-literal structure of a computer program represented expression, rather than an idea, and was entitled to copyright protection. The dissent argues that the test that we used in *Whelan Assocs.* to distinguish between idea and expression "strongly supports the position that Southco's numbering of products should fall on the 'expression' side of the line," Dissent at 10-11, but this argument is beside the point. No one has ever suggested that the Southco part numbers fall on the "idea" side of the line. The relevant question is not whether the numbers represent an idea, as opposed to the expression of the idea, but whether the numbers possess the requisite spark of creativity needed for copyright protection.

The dissent advances an argument that is very different from the position that Southco has taken throughout this litigation. The dissent contends that the expression at issue here consists of both "the particular numbers" at issue *and* "the numbering rules" that produced those numbers. Dissent at 3. But Southco has never claimed that its numbering "rules" or "system" is copyrightable. In its brief in *Southco I*, counsel for Southco wrote: "There is no monopoly on the system; anyone is free to use it . . . with impunity. It is only the particular expression that Southco seeks to protect – the precise nine digits which express the idea in each part number." Appellee's Br. at 14, *Southco, Inc. v. Kanebridge Corp.*, No. 00-1102. Counsel reiterated this point at oral argument, stating: "The system is not copyrightable. And, indeed, it's perfectly open to the defendants to use the system. They're free to use it. The only thing that we're protecting here are the expressions."

III.

The Southco part numbers are also excluded from copyright protection because they are analogous to short phrases or the titles of works. Since at least 1899, it has been the practice of the Copyright Office to deny registration to "words and phrases." 1 W. PATRY, COPYRIGHT LAW AND PRACTICE 333 n. 89 (1994). In a 1958 circular, the Copyright Office stated:

> To be entitled to copyright protection, a work must contain something capable of being copyrighted – that is, an appreciable amount of original text or pictorial material. . . . Brand names, trade names, slogans, and *other short phrases or expressions cannot be copyrighted*, even if they are distinctively arranged or printed.

Circular No. 46, Copyright In Commercial Prints and Labels (1958) (emphasis added). This circular went on to suggest that protection for short phrases used in connection with commercial products is more appropriately addressed under federal trademark law and laws relating to unfair competition. *Id.*

Shortly after publishing this circular, the Copyright Office issued a regulation providing that words and short phrases such as names and titles may not be copyrighted. *See* 24 Fed. Reg. 4956 (June 18, 1959). The current version of this regulation now provides in relevant part:

> The following are examples of works not subject to copyright and applications for registration of such works cannot be entertained:
>
> (a) *Words and short phrases such as names, titles*, and slogans; familiar symbols or designs; mere variations of typographic ornamentation,

> lettering or coloring; mere listing of ingredients or contents. . . .

37 C.F.R. § 202.1 (2004) (emphasis added).

In *Kitchens of Sara Lee, Inc. v. Nifty Foods Corp.*, 266 F.2d 541, 544 (2d Cir. 1959), the Second Circuit endorsed this principle and termed the above regulation a "fair summary of the law." *Accord, e.g., Alberto-Culver Co. v. Andrea Dumon, Inc.*, 466 F.2d 705, 711 (7th Cir. 1972); *CMM Cable Rep, Inc. v. Ocean Coast Props., Inc.*, 97 F.3d 1504, 1519-20 (1st Cir. 1996); *Murray Hill Publ'ns, Inc. v. ABC Communications, Inc.*, 264 F.3d 622, 632-33 (6th Cir. 2001).

Relying on the short phrases regulation, the government tells us, "the Register of Copyrights routinely determines that a part number does not 'constitute[] copyrightable subject matter'" under 17 U.S.C. § 410. U.S. Amicus Br. at 13. The government also calls to our attention letters from the Examining Division of the Copyright Office that illustrate this practice, and the government notes that Congress has not disturbed "the Copyright Office's long-standing practice against registering short phrases, despite repeated and extensive revisions of the copyright code." *Id.* at 17.

The government suggests that this practice serves at least two purposes. First, the government notes that "[a] short phrase such as a part number typically lacks any creativity whatsoever." U.S. Amicus Br. at 11. Second, the government suggests that extending copyright protection to part numbers would unduly interfere with the legitimate use of the numbers in question. *Id.* at 15. Because the owner of a copyright "has the exclusive rights" "to reproduce the copyrighted work," 17 U.S.C. § 106, if a part

number (say, 471020210, to take the example discussed above) were copyrighted, *any* use of the number would potentially infringe the copyright. Moreover, if Southco's nine-digit numbers are protected, would there be a principled basis for denying protection to a number with, say, seven or five digits? Could a company or person thereby obtain the exclusive right to use the number 4,710,202 or 47,102? In light of the huge number of part and product numbers (and other analogous numbers) that now exist, this prospect gives reason for concern. Although the fair use defense would presumably protect the use of such numbers in most situations, fair use is an affirmative defense and may impose an undue burden.

We believe that the Copyright Office's longstanding practice of denying registration to short phrases merits deference.[6] *See DeSylva v. Ballentine*, 351 U.S. 570, 577-78, 100 L. Ed. 1415, 76 S. Ct. 974 (1956); *Morris v. Business Concepts*, 283 F.3d 502, 505-06 (2d Cir. 2002) (*Skidmore* deference); *Marascalco v. Fantasy, Inc.*, 953 F.2d 469, 473 (9th Cir. 1991); *Cablevision Systems Dev. Co. v. Motion Picture Ass'n of Am., Inc.*, 266 U.S. App. D.C. 435, 836 F.2d 599, 608-10 & n.16 (D.C. Cir. 1988) (*Chevron*

[6] We do not decide what degree of deference is warranted under the circumstances. At a minimum, the practice of the Copyright Office "reflects a 'body of experience and informed judgment to which courts and litigants may properly resort for guidance.'" *Yates v. Hendon*, 541 U.S. 1, 124 S. Ct. 1330, 1342, 158 L. Ed. 2d 40 (2004) (quoting *Skidmore v. Swift & Co.*, 323 U.S. 134, 140, 89 L. Ed. 124, 65 S. Ct. 161 (1944)). This guidance leads us to conclude that the Copyright Office's position is correct.

deference).[6] We accept the Copyright Office position and believe that it logically extends to part numbers.

IV.

For the reasons set out above, we hold that the Southco part numbers are not entitled to copyright protection. We therefore affirm the order of the District Court granting summary judgment in favor of Kanebridge on Southco's copyright infringement claim.[7]

CONCUR BY: BECKER

CONCUR: BECKER, Circuit Judge, concurring, with whom Judges McKEE and SMITH join.

I join in Parts I and II of the majority opinion. For the reasons set forth in Parts I and II hereof, I do not join in Part III of the majority opinion, dealing with short phrases. I write separately to set forth additional grounds for affirmance, relying on the doctrine of *scenes a faire*, which I believe undergirds and complements the majority's explanation of why the Southco part numbering system does not meet the originality requirement.

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[6] To the extent that *Bartok v. Boosey & Hawkes, Inc.*, 523 F.2d 941, 946-47 (2d Cir. 1975), is inconsistent with this proposition, we are persuaded by the criticism of that opinion in *Cablevision Systems*, 836 F.2d at 609-10.

[7] Our decision is limited to what is before us, i.e., the Southco part numbers. We express no view about any of the different forms of expression (e.g., the Weight Watcher point system or restaurant lists) discussed in the dissent.

I.

A.

Scenes a faire has been most commonly employed in the literary or dramatic context to describe those otherwise expressive elements of a work that are "standard, stock, or common to a particular topic or that necessarily follow from a common theme or setting." *Dun & Bradstreet Software Servs. v. Grace Consulting, Inc.*, 307 F.3d 197, 214 (3d Cir. 2002) (quoting *Gates Rubber Co. v. Bando Chem. Indus.*, 9 F.3d 823, 838 (10th Cir. 1992)). Industry standards often trigger the doctrine of *scenes a faire*. As the Tenth Circuit has explained, *scenes a faire* has been utilized

> to exclude from protection against infringement those elements of a work that necessarily result from external factors inherent in the subject matter of the work. For computer-related applications, these external factors include hardware standards and mechanical specifications, software standards, and compatibility requirements, computer manufacturer design standards, industry programming practices, and practices and demands of the industry being serviced.

Mitel, Inc. v. Iqtel, Inc., 124 F.3d 1366, 1375 (10th Cir. 1997).

To develop its part numbers, Southco first chose certain "characteristics" of the captive screw, such as screw length, thread size, or finish, to incorporate into its system. Next, Southco determined which "values" to assign to each characteristic. For example, the values for the "materials and finishes" characteristic include "natural finish, aluminum" or "black finish, steel." Next, Southco set Arabic numerals to represent each characteristic and its

attendant values. Thus, the symbol "10" was chosen to represent the value "natural finish, aluminum" in the material and finish characteristic. Finally, unique part numbers were generated for individual parts using the parameters provided by the first three steps.

The majority focuses its originality analysis on this final stage, when the part numbers are assigned mechanically to identify particular types of captive screws. I agree with the majority that at this stage, once all of the decisions about possible characteristics, values, and numerals have been made, "all of the products in the class could be numbered without the slightest element of creativity." I acknowledge that at least superficially, the earlier stages of Southco's part numbering system are the product of a number of choices about which characteristics to represent, choices about which values to permit, and choices about which symbols to use. I would not ignore this part of the process as the majority does. To draw an analogy to *Burrow-Giles*: Sarony's photograph was protected even though all of his choices evincing originality were made before the copyrightable "work[] of authorship [was] fixed in a[] tangible medium of expression," 17 U.S.C. § 102; and so too we should not pass by any of Southco's choices evincing originality simply because they were made before any part numbers were actually computed and written down. *See* Majority Op., *supra*, at 15-17.

But even this cannot protect Southco's part numbers: As the description of Southco's part numbering system makes clear, the company selected characteristics for its system based on customer demand (an external constraint), thereby precluding copyright protection by *scenes a faire*. Likewise, once the characteristics were chosen, the values – such as screw thread sizes, screw lengths, or

ferrule types – were determined by industry standards rather than through any exercise of originality by Southco. Thus, for the characteristic "finish," the values are limited to the types of finishes for screws manufactured by Southco and therefore are determined solely by the part identity, rather than through some exercise of creative expression. Similarly, for the characteristic "thread size," the values are simply the standard industry sizes.

B.

As I read Judge Roth's dissent, the linchpin of her position lies in her statement that

> Southco uses the first two digits of each nine-digit part number to indicate product line but it could use three digits (perhaps to easily accommodate more than ninety-nine product lines), or letter instead of numbers, or a combination of letters and numbers, or even simple abbreviations in lieu of coded letters or numbers. All these possible variations apply to each set of digits in the part number, to the order of the sets, and to the identification of which product attributes should be grouped together in the same set. Of course, there is nothing pre-determined about the length of a part number. For instance, Southco could choose to use more than nine digits to accommodate products with too many values to be easily expressed in only nine. These seem like relatively mundane choices, but, as the Supreme Court indicated in *Feist*, "the requisite level of creativity is extremely low; even a slight amount will suffice."

While this argument is not without force, there appears to be a continuum involved, and I disagree with the

conclusion that Judge Roth draws, for the choices at issue seem to me to fall clearly on the unoriginality spectrum. Arbitrary choices such as these do not satisfy the originality requirement. As far as the purpose of the Copyright Clause is concerned, there is no reason to give an incentive to churning out arbitrary symbols, for purely arbitrary decisions do not advance "science."

Judge Roth cites *ADA v. Delta Dental Plans Ass'n*, 126 F.3d 977 (7th Cir. 1997) (*ADA*) as support for the notion that picking digits can be original. But the subject matter of that case was different; at issue was the coding system used for various dental procedures. The holding of that case is driven by the originality in the editorial selections that had to be made in putting the code together. The examples from *ADA* quoted in footnote 6 of Judge Roth's dissent refer to editorial choices made in ordering the procedure code taxonomy in a way that was (1) expandable in certain respects, which expresses predictions about how dental science will develop; and (2) categorized in a certain way (i.e., the heading under which a procedure appears) that reflects an original way of expressing the similar relationships among different dental procedures. In *ADA* there was plainly a record that described the editorial choices that were made in developing the taxonomy. All the illustrations in the portion quoted by the dissent are the product of editorial choices. In contrast, the Bisbing declaration here flatly explains how baldly unoriginal was the numbering system's architecture: the screws exist in various sizes, so it needs to use (arbitrary) symbols to represent those sizes; and so on.

I also note that the originality in *ADA* comes from the system's ability to state something original about the relationship of one dental procedure to another. The same

is true in Southco's system, but the relationships expressed are totally unoriginal (Screw X is the same material as Screw Y, but a different material from Screw Z; Screw A is the same amount longer than Screw B as Screw C is longer than Screw D). Dental procedures do not come pre-categorized in the way that raw physical characteristics do. The originality in *ADA* stems from the tricky-to-sort-out nature of the myriad medical procedures under consideration.

In sum, not only are there a limited number of relevant characteristics, but the characteristics chosen by Southco were dictated by industry standards, customer preferences, or the objective characteristics of the captive screw itself. The *scenes a faire* doctrine, therefore, dispels the notion that there was the requisite originality in Southco's selection of characteristics and values to merit copyright protection.

II.

The majority relies upon the Copyright Office's "long-standing practice" of denying copyright protection to words and short phrases because names, titles, and short phrases "typically lack[] any creativity whatsoever." The majority fails to demonstrate, however, that the Southco part number system is a "typical" case. In order for any test that purports to distinguish between short phrases and copyrightable compositions to be viable it would have to identify the point at which a title or short phrase becomes a descriptive narrative. Presumably the length of the writing in question informs this determination, but what else? The majority does not specify the test, and this is not a situation, I respectfully submit, where we "know it

when [we] see it." The Copyright Office says that short phrases "lack . . . *creativity*" (emphasis added), but *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 47 L. Ed. 460, 23 S. Ct. 298, 1903 Dec. Comm'r Pat. 650 (1903), suggests that courts generally should refrain from subjective assessments of creative merit, and I agree. Whatever the test, I think the inquiry would inevitably draw us back to the constitutional requirement of originality-the presence of the "creative spark" from *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 345, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991). But to do that is to render the short phrases notion nothing more than an unhelpful way of restating the problem.

Put differently, the problem in this case is whether the Southco part numbers are words, short phrases, names or titles, or whether they are instead a compilation of data, a system of classification, or something else. Indeed, the part numbers seem to fall into the gray area between a short phrase and a more extensive work. This ambiguity is highlighted by the fact that the cases cited by the majority as approving of the Copyright Office practice are either distinguishable from the instant case or rest their decision to withhold copyright protection on other grounds. *See, e.g., Kitchens of Sara Lee, Inc. v. Nifty Foods Corp.*, 266 F.2d 541, 545 (2d Cir. 1959) (approving the Copyright Office practice, but ultimately analyzing the case under theories of originality and merger); *CMM Cable Rep., Inc. v. Ocean Coast Props., Inc.*, 97 F.3d 1504, 1519-21 (1st Cir. 1996) (finding that some aspects of the claim were foreclosed because they were merely slogans or short phrases, but resting primarily on lack of originality grounds); *Murray Hill Publ'ns, Inc. v. ABC Communications, Inc.*, 264 F.3d 622, 633 (6th Cir. 2001) (holding a line from a

movie was not copyrightable where it was "nothing more than a short phrase or slogan, dictated to some degree by the functional considerations inherent in conveying the desired information").

There are still greater problems with the majority's approach. It appears to rely entirely on *Skidmore* deference. *See Skidmore v. Swift & Co.*, 323 U.S. 134, 140, 89 L. Ed. 124, 65 S. Ct. 161 (1944). But deference to a practice of the Copyright Office, employed to assist in its humongous administrative task of deciding whether or not to grant a copyright registration, does not seem to me to be sufficient to decide an infringement case in federal court. The Copyright Office may employ rules of thumb; we may not, especially when we are dealing with a constitutional provision, for *Feist* holds that originality is a constitutional requirement, *see* 499 U.S. at 346.

Moreover, mere homage to deference cannot prevail without at least analyzing the countervailing arguments. Southco argues forcefully that the government-amicus has not justified its argument that part numbers are short phrases. Southco properly points out that the term "phrase" used by the Copyright Office is a grammatical term peculiarly adapted to copyrightable subject matter expressed in words. Concomitantly, it is difficult to see what the basis is for treating numbers or numerical symbols as "short phrases."

Southco also forcefully challenges the position that the Copyright Office in fact considers numbers as short phrases. Its brief persuasively argues, "There is nothing in the record of this case indicating that the Copyright Office ever considered that part numbers were uncopyrightable as 'short phrases.' No regulation of the Copyright Office

refers to part numbers or any other numbers. No case is cited in which the Copyright office was a party, holding that part numbers or any other numbers are uncopyrightable." Without a regulation or policy clearly addressing numbers, deference seems inappropriate.

For all these reasons, I would not rest this decision, even in part or in the alternative, on the short phrases argument. I add only that, as the foregoing discussion makes clear, I am in agreement with what Judge Roth has written in Part II of her dissenting opinion on this point.

DISSENT BY: ROTH

DISSENT: ROTH, *Circuit Judge*, dissenting, with whom Judge CHERTOFF joins.

I.

Ideas cannot be protected by copyright. Section 102(b) of Title 17 of the U.S. Code so provides. The expression of an idea may, however, be protected. This principle that copyright does not protect ideas, but only their expression, is notoriously difficult to apply.[8] *See Whelan Assoc., Inc. v. Jaslow Dental Lab., Inc.*, 797 F.2d 1222, 1234 (3d Cir. 1986); *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1253 (3d Cir. 1983). As Judge Learned

[8] 17 U.S.C. § 102(b) provides that "[i]n no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work." *See Whelan Assocs., Inc. v. Jaslow Dental Laboratory, Inc.*, 797 F.2d 1222, 1234 (3d Cir. 1986) (noting that legislative history makes clear this section was intended to codify the idea/expression dichotomy).

Hand stated in the last of his many influential opinions on copyright law, "obviously, no principle can be stated as to when an imitator has gone beyond copying the 'idea,' and has borrowed its 'expression.' Decisions must therefore inevitably be *ad hoc.*" *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487, 489 (2d Cir. 1960).

In defining an idea, as distinguished from its expression, the distinction is governed – at least in part – by the two contradictory imperatives of copyright: protection and dissemination.

> Precisely because the line between idea and expression is elusive, we must pay particular attention to the pragmatic considerations that underlie the distinction and copyright law generally. In this regard, we must remember that the purpose of the copyright law is to create the most efficient and productive balance between protection (incentive) and dissemination of information.

Whelan Assocs., 797 F.2d at 1235; *see also Id.* at 1237 (stating that "the basic purpose underlying the idea/expression distinction [is] the 'preservation of the balance between competition and protection reflected in the patent and copyright laws'") (quoting *Herbert Rosenthal Jewelry Corp. v. Kalpakian*, 446 F.2d 738, 742 (9th Cir. 1971)); *Apple Computer*, 714 F.2d at 1253 (quoting *Kalpakian*).

The definition of the "idea" is often the most difficult aspect of the idea/expression dichotomy. As Judge Hand explained in *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930), the difficulty is that "idea" *vis a vis* "expression" can be manipulated by viewing the interest protected by copyright at differing levels of abstraction. *See Nash v. CBS, Inc.*, 899 F.2d 1537, 1540 (7th Cir. 1990)

(Easterbrook, J.) (discussing *Nichols*). At the "expression" end of the spectrum, if protection is limited to the words as they appear on the page – a strictly literal application of the term "expression" – the protection for original Writings envisioned by the Constitution would be severely weakened. An author could imitate the plot, exposition, and all other original elements of a novel so long as he changed the wording. *Id.; Nichols*, 45 F.2d at 121. At the "idea" end of the spectrum, an author could claim property rights to an entire genre. If this were possible, Wilkie Collins, by writing *The Moonstone*, would have captured the mystery story; the innovators of television's *Survivor* reality series might have deprived the public of *The Amazing Race, Fear Factor*, or even *Temptation Island. See Nash*, 899 F.2d at 1540.

In the present case, the definition of Southco's "idea" is at the heart of my disagreement with the majority. Is Southco's "idea" the use of a code to describe products or is it the use of predetermined numbers to portray given characteristics of a particular product? The majority has determined that it should be the latter. I believe that it is closer to the former – and that the numbering rules and the particular numbers that Southco chooses to portray what it determines to be the relevant characteristics of a particular product are the expression of its idea. Moreover, it is this choice of different numbers to express selected characteristics in a product description code that creates the originality in Southco's system.

The majority, however, in misapplying the idea/expression dichotomy, has adopted an unduly restrictive understanding of the originality requirement. As in *Southco I*, the majority has adopted an overly broad definition of the "idea." By deciding that the determination

of the part number is inherent in the "idea," the majority has pushed all of Southco's creative work onto the unprotected "idea" side of the idea/expression dichotomy. This over broad definition of the "idea" leads inexorably to the majority's conclusion – that Southco's part numbers are undeserving of copyright protection because they lack originality. As stated by the majority, "the Southco product numbers are not 'original' because each number is rigidly dictated by the rules of the Southco system." Majority at [Draft Op. at 12]; *see Southco I*, 258 F.3d at 151-52.[9]

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[9] The Majority also states that Southco "does not assert any claim of copyright in its numbering *system*, but instead focuses on the *part numbers themselves.*" Majority at ___ [Draft Op. at 12]. Section 102(b) of course excludes copyright protection for a "system" as well as for an "idea." That there is such an interchangeability of the concepts of "system" and "idea" may be seen in Southco's *Southco I* Answering Brief at page 24 where Southco states "Southco does not seek to copyright the idea of its parts numbering system but only its expression of it." "System" is also, however, used at times by many of us to indicate not just an idea but the means by which an idea is implemented. Used in this manner, "system" for Southco would be the code which it has created to describe its products – the expression of its idea.

In its *Southco II* Opening Brief at page 34, Southco states that "the prior panel appeared to fully understand that Southco was not claiming infringement by the use of its system for creating part numbers but only in the part numbers themselves. . . . " "System" appears again here to be used in the context of "idea."

This language may, however, be the source of the Majority's statement that Southco does not assert any claim of copyright in its "numbering system." To the extent that the Majority interprets this statement to indicate that Southco does not claim protection of its coding process, as opposed to protection of its idea to develop a coding system, I believe that the Majority's interpretation reflects its mistaken location of the line between "idea" and "expression" and, moreover, that the Majority's interpretation does not reflect the originality and creativity arguments that Southco has been pressing throughout this litigation.

In so stating, the majority has failed to consider the ramifications of its choice, or even to recognize that a choice exists. By extending the "idea" through to point in the creation of the code at which the number is inevitable, the majority has concluded that the rules constitute an unprotectable system or idea. Majority at ___ [Draft Op. at 12]. This "literal" approach is akin to limiting copyright protection in a novel to the words as they appear on the page. *Nash*, 899 F.2d at 1540.

I believe that a more sensible middle ground is available. If one adopts a slightly broader focus, Southco's numbering rules (and the resulting numbers) will be seen as one of many possible expressions of the idea of using a code to convey product specifications.

Southco could, of course, go farther still, to the far end of the spectrum, and claim that the unprotectable idea is that of encoding information about product identity. Then, by virtue of its innovative scheme, Southco could prevent others from expressing *any* part numbers that contain coded product characteristics. This would be going too far – and would analogize to the "genre" claim discussed in *Nash* and *Nichols*. *Id.* Granting Southco the exclusive right to create encoded part numbers would stifle innovation. But is it not equally clear that the majority's approach – which would limit expression to the literal elements of a work and then bar copyrightability for lack of originality – is too narrow?

The majority's too broad definition of the "idea" risks under-rewarding Southco (or any other entity) for the creativity invested in creating coded descriptions of its products. On the other hand, adopting the middle approach would not impair Kanebridge's ability to implement its own

part numbering system, choosing which characteristics are to be conveyed for each product line and how to convey them.[10]

If there were only one sensible way to achieve the goal of encoding product specifications for captive fasteners (or any other product line), this case would be a different case – either or both the *scenes a faire* or the merger doctrines would prohibit extending copyright protection to Southco's numbers.[11] However, there are myriad codes to choose and

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[10] Kanebridge might be impaired somewhat in its ability to compete with Southco in the marketplace for captive fasteners and other products, but this is not the type of competition copyright law is concerned with. Copyright law is concerned with Kanebridge's ability to compete with Southco's *part numbers*, not with Southco's *parts*. *See Apple Computer*, 714 F.2d at 1253 (rejecting Franklin's contention that granting copyright protection to Apple's operating system programs would frustrate Franklin's business goal of achieving total compatibility with application programs written for the Apple II, explaining that "that is a commercial and competitive objective which does not enter into the somewhat metaphysical issue of whether particular ideas and expressions have merged").

[11] The merger doctrine is a variation or application of the idea/expression dichotomy. "When the idea and the expression of the idea coincide, then the expression will not be protected in order to prevent creation of a monopoly on the underlying 'art.'" *Educational Testing Services v. Katzman*, 793 F.2d 533, 539 (3d Cir.1986). If, on the other hand, " 'the same idea can be expressed in a plurality of totally different manners, a plurality of copyrights may result.'" *Apple Computer*, 714 F.2d at 1253 (quoting *Dymow v. Bolton*, 11 F.2d 690, 691 (2d Cir.1926)).

"*Scenes a faire* are 'incidents, characters or settings which are as a practical matter indispensable . . . in the treatment of a given topic.'" *Whelan Assocs.*, 797 F.2d at 1236 (quoting *Atari, Inc. v. North American Philips Consumer Elecs. Corp.*, 672 F.2d 607, 616 (7th Cir.1982)). When applied in the context of utilitarian works, this doctrine means that protection is denied to " 'those elements of a work that necessarily result [] from external factors inherent in the subject matter of the work.'" *Dun & Bradstreet Software Services, Inc. v. Grace Consulting,*

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product characteristics to describe. The existence of these possibilities renders the *scenes a faire* and merger doctrines inapplicable.

Justification for my position can be seen in the fact that, while the selection of product specifications to be encoded in a given product line may be dictated largely by industry considerations, there would seem to be no limit to the number of ways those specifications could be encoded. For instance, Southco uses the first two digits of each nine-digit part number to indicate product line, but it could use three digits (perhaps to easily accommodate more than ninety-nine product lines), or letters instead of numbers, or a combination of letters and numbers, or even simple abbreviations in lieu of coded letters or numbers. All these possible variations apply to each set of digits in the part number, to the order of the sets, and to the identification of which product attributes should be grouped together in the same set. Of course, there is nothing pre-determined about the length of a part number. For instance, Southco could choose to use more than nine digits to accommodate products with too many values to be easily expressed in only nine.[12] These seem like relatively

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Inc., 307 F.3d 197, 214-15 (3d Cir.2002) (quoting *Mitel*, 124 F.3d at 1375). The rationale for the rule is that elements dictated by external constraints necessarily lack originality. *Id.*

[12] For example, Robert H. Bisbing explained that while the second two-digit group in each part number normally indicates whether a product is an assembled part or a component part, for at least one product line (an enclosed retractable captive screw), he decided to use only one digit to express this information because he determined he would need the remaining six digits (as opposed to only five) to express the remaining pertinent product values. *Southco II*, 324 F.3d at 193. If Southco used a ten-digit system, Bisbing would not have needed to alter the standard numbering format. This would make number formats

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mundane choices, but, as the Supreme Court indicated in *Feist*, "the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, 'no matter how crude, humble, or obvious' it might be." 499 U.S. at 345 (quoting 1 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 1.08[C] (1990)). Further, these are precisely the types of prosaic choices deemed sufficiently creative to make numeric dental procedure codes copyrightable in *American Dental Association v. Delta Dental Plans Association*, 126 F.3d 977, 979 (7th Cir. 1997).[13]

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more consistent across product lines, and therefore somewhat easier to use. Perhaps Southco did not anticipate ever needing more than nine digits, or perhaps some other technological or operational consideration was at work. The point is that Southco made creative choices regarding the coded expression of product specifications, both when it initially conceived of its system and as it adapted that system to accommodate new product lines over the years.

[13] The court in *American Dental Association* gave several examples of original choices made in the numbering format used in the *Code on Dental Procedures and Nomenclature*:

> The number assigned to any one of these three descriptions could have had four or six digits rather than five; guided tissue regeneration could have been placed in the 2500 series rather than the 4200 series; again any of these choices is original to the author of a taxonomy, and another author could do things differently. Every number in the ADA's Code begins with zero, assuring a large supply of unused numbers for procedures to be devised or reclassified in the future; an author could have elected instead to leave wide gaps inside the sequence. A catalog that initially assigns 04266, 04267, 04268 to three procedures will over time depart substantively from one that initially assigns 42660, 42670, and 42680 to the same three procedures.

126 F.3d at 979.

Moreover, placing Southco's numbering system on the expression side of the idea/expression dichotomy would also be consistent with the reasoning of the Eighth Circuit Court of Appeals in *Toro Co. v. R & R Products Co.*, 787 F.2d 1208 (8th Cir. 1986). There, the court rejected the district court's holding that the appellant's numbering system for lawnmower replacement parts was an uncopyrightable "system" per § 102(b):

> The district court's literal application of the section's language – that appellant's parts numbering system is not copyrightable because it is a "system" – cannot stand. All the idea/expression dichotomy embodied in § 102(b) means in the parts numbering system context is that appellant could not copyright the idea of using numbers to designate replacement parts. Section 102(b) does not answer the question of whether appellant's particular expression of that idea is copyrightable.

Id. at 1212; *see also Autoskill Inc. v. National Educational Support Systems, Inc.* 994 F.2d 1476, 1493, 1495 n.23 (10th Cir. 1993) (citing *Toro* for the proposition that "more than literal application of § 102(b) is required"). The *Toro* court ultimately concluded that the parts numbering system in that case was not copyrightable because the appellant's decision to arbitrarily assign a random part number to each new product "lack[ed] the requisite originality for copyright protection." 787 F.2d at 1213; *see also Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366, 1373 (10th Cir. 1997) (citing *Toro* in support of conclusion that the "arbitrary selection of a combination of three or four numbers" for use as command codes used to instruct a piece of computer hardware "required de minimis creative effort"). However, the *Toro* court stated that "this is not to say that

all parts numbering systems are not copyrightable. A system that uses symbols in some sort of meaningful pattern, something by which one could distinguish effort or content, would be an original work." 787 F.2d at 1213.[14] As discussed above and as verified by Robert Bisbing in his affidavit recounting the creation of the descriptive code for the captive screw,[15] Southco made numerous creative choices in developing its coded product numbering system

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[14] The *Southco I* panel seized on the word "effort" to distinguish *Toro* on the ground that it relied on the "sweat of the brow" or "industrious collection" doctrine later rejected by the Supreme Court in *Feist*, 499 U.S. at 360. *See Southco I*, 258 F.3d at 153. Indeed, the *Toro* court seemed to rely in part on this discredited doctrine in concluding that the parts numbering system in that case lacked originality. *Toro*, 787 F.2d at 1213. However, the "sweat of the brow" doctrine has no bearing on *Toro*'s discussion of the idea/expression dichotomy, including its observation that the proper dividing line is between the general idea of a parts numbering system and an author's expression of that idea in a particular numbering system. *Id.* at 1212. Once the line has been properly drawn, the issue whether a particular numbering system is sufficiently original turns on whether the system was independently produced and possesses "at least some minimal degree of creativity." *Feist*, 499 U.S. at 345. As discussed in the text, Southco made numerous creative and independent choices in the development and adaptation of its numbering rules.

[15] *See* footnote 4 *supra*. In explaining how he assigned product numbers to a new class of captive screws that included 405 variations, Bisbing stated that the characteristics of the new class differed from those of previous classes. His task was to determine the characteristics which would be relevant to customers and to Southco employees. He then adapted the numbering system to apply to the new line. He elaborated in his Declaration:

> These numbers were not dictated by any numbering system. Not only each number as a whole, but each group of digit and each digit in each number was created by me based upon the specific products which I had created and my determination of the values of those products to be represented and the digits to be used. The part number for each new part was created on the basis of my decision.

and later adapting that system to accommodate new product lines. Accordingly, both Southco's numbering schemes and its numbers are entitled to copyright protection.

This result is consistent with our own precedent. In *Whelan Associates*, we were faced with the issue whether copyright law protects the non-literal structure of a computer program as well as its literal elements (its source and object code). 797 F.2d at 1234. Squarely addressing the line-drawing issue, we devised a rule for dividing ideas from expressions in utilitarian works:

> The purpose or function of a utilitarian work would be the work's idea, and everything that is not necessary to that purpose or function would be part of the expression of the idea. . . . Where there are various means of achieving the desired purpose, then the particular means chosen is not necessary to the purpose; hence, there is expression, not idea.

Id. at 1236. We explained that this rule would further the purpose of balancing the imperatives of access and protection by creating an incentive commensurate with the value and importance of program structure while not giving programmers a "stranglehold" over the means to achieve a particular function. *Id.* at 1237. We held that the program structure in that case was not essential to its purpose – supporting the business operations of a dental laboratory – because other programs with different structures performed the same function.[16] *Id.* at 1238. Thus, the court

[16] It should be noted that the *Whelan Associates* test does not avoid the indeterminacy of the idea/expression dichotomy – it simply transposes it. Just as the idea/expression test may be manipulated by

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explicitly recognized that non-literal elements of a utilitarian work could be considered protectable expressions rather than unprotected ideas, *see, e.g., Id.* at 1237, 1239, and devised a sensible means for deciding the issue. The *Whelan Associates* test strongly supports the position that Southco's numbering of products should fall on the "expression" side of the line. The purpose of the scheme is to encode relevant product specifications in part numbers, but Southco's particular scheme is not necessary to achieve this end – other schemes could provide the same information.

One difference between Southco's numbers and the computer program in *Whelan Associates* warrants discussion. There is no doubt that the literal elements of the computer program at issue in *Whelan Associates* – the object and source code – were protected by copyright. 797 F.2d at 1233. Source code does not follow automatically from program structure, whereas Southco's part numbers are dictated by the numbering schemes applicable to each product line. The issue in *Whelan Associates* was whether the original program structure should be protected *in addition to* the original source and object codes, *id.* at 1233-37, whereas in this case the issue is whether Southco's encoded numbers should be protected *because of* the originality of its numbering rules. However, this distinction is immaterial to *Whelan Associates's* idea/expression test for non-literal elements of utilitarian works. Once Southco's numbering rules are properly placed on the expression side of the line, the distinction

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conceiving of the protected interest at different levels of abstraction, so too the *Whelan Associates* test may be manipulated by framing the "purpose" of a given work at differing levels of abstraction.

between Southco's rules and the resulting numbers is legally insignificant. The numbers are part of Southco's original expression, even if they are dictated by another part of that expression – the numbering rules.

I further note that the majority's decision to divide Southco's numbering rules from the numbers themselves for purposes of evaluating Southco's copyright claim may suggest and certainly creates an unjustified and unexplained bias against copyright protection for all rule-based expression. Systematic or rule-driven thought will usually "precede" expression, as it does here. That is, Southco's original work had to be completed before its numbers were actually expressed, and the rules governing that expression may be readily conceptualized apart from the numbers themselves. In contrast, original artistic or literary thought is usually bound up inextricably in its expression. Southco's numbering scheme is no less creative or original simply because it is governed by rules rather than the more "indeterminate ideas" typically associated with art or literature. *See* Majority at ___ [Draft Op. at 17]. However, if the majority's division of Southco's rules from their expression were applied generally, large swaths of rule-based original works would be denied protection.

For example, Weight Watcher's point system for rating foods could be appropriated by Jenny Craig or any other competitor if it could be shown that Weight Watcher's point allotments followed pre-determined formulae (based on calories per ounce or other considerations). Also, many compilations that would seem to pass *Feist's* low creativity threshold would be denied protection if they happen to be the product of predetermined rules. A list of restaurants broken down by price range, corking fees, handicapped accessibility, or any other rule-driven

criteria would be excluded. On the other hand, a list of restaurants based on more "indeterminate" criteria, such as value or quality, would be protected. *See CCC Info. Servs.*, 44 F.3d at 70 (implying that all of these restaurant lists should be protected). This discrepancy strikes me as both unprincipled and unprecedented.

In this regard, the notion that "expression" should be limited to the literal elements of a given work has long been rejected in the context of aesthetic literary works. *E.g., Nichols*, 45 F.2d at 121 ("It is of course essential to any protection of literary property, whether at common-law or under the statute, that the right cannot be limited literally to the text, else a plagiarist would escape by immaterial variations."). More recently, the Second Circuit concluded this restrictive view would unduly limit protection for certain utilitarian works as well. As the court explained in *CCC Information Services v. Maclean Hunter Market Reports, Inc.*, 44 F.3d 61, 70-72 (2d Cir. 1994), a broad rule limiting "expression" to the literal elements of a work would substantially deny protection to compilations, notwithstanding the express provision of the copyright statute conferring protecting such works. *See* 17 U.S.C. § 103(b). A compilation may be original in one of two ways (and often both): the author may contribute original written expression to the compiled facts, or the author may exercise creativity and originality in the selection and arrangement of the compiled facts. See *Feist Publications, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 348-49, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991). While facts may not be copyrighted, original selections and arrangements of facts are entitled to protection. *Id.* Thus, with respect to the selection and arrangement of non-copyrightable facts, "it is almost inevitable that the original contributions of

the compilers will consist of *ideas," CCC Info. Servs.*, 44 F.3d at 70 (emphasis in original), in the sense that the compilers' original contributions are not literally expressed in the copyrighted work. A literal interpretation of the idea/expression dichotomy – one which limits protection to the literal elements of any given work – would deny protection to this type of original contribution.

II.

Finally, the majority's flawed application of the idea/expression dichotomy is not saved by its reliance on the "short phrases" regulation. The regulation provides that "words and short phrases such as names, titles, and slogans" are "examples of works not subject to copyright and applications for registration of such works cannot be entertained." 37 C.F.R. § 201.1(a). According to the United States, which appeared as *amicus curiae* in this case, the Register of Copyrights, relying on this regulation, "routinely" and categorically denies protection to all part numbers, no matter how creative. While the majority both agrees with and defers to the government's position, I think this position is wrong and that deference is inappropriate.

Apart from its claim regarding the practice of the Register of Copyrights, the government provides no support for its position that Southco's part numbers should be considered "short phrases" covered by § 202.1(a). In fact, the regulation does not appear to contemplate numerical symbols at all. As Southco persuasively argues, "the term 'phrase' . . . is a grammatical term peculiarly adapted to copyrightable subject matter expressed in

words." Furthermore, no published case has held that numbers should be considered "short phrases."

More important, even if Southco's part numbers were properly considered "short phrases," § 202.1(a) is best understood as a rough starting point for an originality analysis, not a shortcut for avoiding this analysis. Short phrases are typically unprotectable because they are either insufficiently independent or insufficiently creative or both, *see* 1 William F. Patry, *Copyright Law and Practice* 333 (1994), but it does not make sense to state categorically that no combination of numbers or words short enough to be deemed a "phrase" can possess "as least some minimal degree of creativity." *Feist*, 499 U.S. at 345. In fact, the plain language of the regulation does not lend itself to such a construction. Section 202.1(a) states that "short phrases *such as* names, titles, and slogans" are not copyrightable. Thus, other short expressions dissimilar to names, titles, or slogans are not covered by the regulation. *See Applied Innovations, Inc. v. Regents of University of Minnesota*, 876 F.2d 626, 636 (8th Cir. 1989) (holding that test statements were not "short phrases" under § 202.1 because they were not titles, names, or slogans). Therefore, "it would seem (notwithstanding [37 C.F.R. § 202.1(a)]) that even a short phrase may command copyright protection if it exhibits sufficient creativity." 1 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 2.01[B] (2000) (hereinafter *Nimmer on Copyright*).

In fact, it appears that no court has relied on § 201.1(a) to hold that an otherwise original expression was uncopyrightable just because it was brief enough to be

deemed a short phrase.[17] Rather, courts typically invoke § 201.1(a) in support of a determination that a particular work lacks any "creative spark," *Feist*, 499 U.S. at 345, not as a substitute for that analysis. *E.g., Murray Hill Publ'ns, Inc. v. ABC Communications., Inc.*, 264 F.3d 622, 632-33 (6th Cir. 2001) (citing § 201.1(a) in support of holding that radio DJ's tag-line, "J.P. on JR in A.M.," was "nothing more than a short phrase or slogan, dictated to some degree by the functional considerations inherent in conveying the desired information about McCarthy's morning show, i.e., whose morning show, what radio station, and what time."); *CMM Cable Rep. v. Ocean Coast Properties*, 97 F.3d 1504, 1519-20 (1st Cir. 1996) (citing § 201.1(a) in support of holding two hackneyed phrases used in a radio show promotion were uncopyrightable because their "ordinary employment phraseology . . . lacks the minimal level of originality"). Conversely, the *Applied Innovations* court refused to label short declarative statements "short phrases" where that court determined that the statements were sufficiently original. *See* 876 F.2d at 634-36 (rejecting defendant's argument that simple statements used in psychological test were "short phrases" under § 202.1 and holding that test statements met the minimal originality requirement for copyright protection).

I further conclude that deference to the Register of Copyright's position is inappropriate. First, there is no

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[17] The only case which approaches such an anomalous result is *Matthew Bender & Co. v. West Publ'g Co.*, 158 F.3d 674, 683 (2d Cir. 1998), which held that West's decisions to shorten case names and capitalize certain letters in case titles were unoriginal and uncreative, and further cited § 202.1(a) for the proposition that even if these decisions were considered original, West's case titles would still not be copyrightable.

plausible claim that *Chevron* deference applies here. Such deference may be appropriate where the Register of Copyrights is empowered to promulgate regulations, *see Cablevision Systems Development Co. v. Motion Picture Ass'n of America, Inc.*, 266 U.S. App. D.C. 435, 836 F.2d 599, 608 (D.C. Cir. 1988), and *Satellite Broadcasting and Communications Ass'n of America v. Oman*, 17 F.3d 344, 347 (11th Cir. 1994), but here the government's position rests largely on two letter decisions denying registration to works of unrelated third parties. Even if we were considering an infringement action involving one of the works at issue in either of those letters, we would still review the Register's resolution of legal issues (such as copyrightability) *de novo*.[18] *A fortiori*, the Register's opinion concerning the copyrightability of these other works cannot limit our consideration of the issue in this case. *Chevron* deference is inapplicable where Congress has not delegated authority to the agency to make rules or decisions carrying the force of law. *United States v. Mead*, 533 U.S. 218, 226-27, 150 L. Ed. 2d 292, 121 S. Ct. 2164 (2001).

Of course, agency interpretations of questions of law may still have the power to persuade even if they lack the power to control. *Skidmore v. Swift & Co.*, 323 U.S. 134,

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[18] A certificate of registration constitutes *prima facie* evidence of the validity of the copyright and ownership of the registered work in a subsequent judicial proceeding commenced within five years of the copyright's first publication. 17 U.S.C. § 410(c); *Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 290-91 (3d Cir. 1991). However, the Register's decision to deny registration has no legal force whatsoever. Further, the rebuttable presumption that attaches to registered works is an *evidentiary* rule – it has no apparent application to legal issues such as copyrightability. *Atari Games Corp. v. Oman*, 281 U.S. App. D.C. 181, 888 F.2d 878, 887 (D.C. Cir. 1989) (Silberman, J., concurring).

140, 89 L. Ed. 124, 65 S. Ct. 161 (1944). The measure of *Skidmore* deference varies with the circumstances, including "the degree of the agency's care, its consistency, formality, and relative expertness, and . . . the persuasiveness of the agency's position." *Mead Corp.* 533 U.S. at 227-228 (internal citations omitted). Without exhaustively discussing these factors, it seems clear to me that the level of deference due to the Register of Copyright's position in this case is minimal at best.

Most importantly, I am far from convinced that the Register of Copyrights "routinely" rejects part numbers, no matter how creative, solely on ground that they constitute "short phrases." The government's claim in this regard is either overstated or under-supported. The government offers only two letter decisions from the Examining Division of the Copyright Office as evidence of this supposedly routine practice. While both concern part numbers, and both rely on § 202.1(a), there is no indication that the numbers at issue in those cases involved any creative expression at all. In fact, the more lengthy of the two letters cites *Toro* in support of its contention that the parts numbers in the applicant's parts price list lacked originality. As discussed above, *Toro* made clear that sufficiently creative parts numbers were entitled to protection. These letter decisions are hardly models of clarity, making it difficult to discern the reasoning of the Examining Division in each case, much less to extrapolate from these letters to confidently state that the Copyright Office takes the categorical position advanced by the United States.[19] It

[19] In this regard I note that my own search of the LEXIS database of copyright registrations revealed numerous registrations seemingly indistinguishable from the subject matter denied in the two letter

(Continued on following page)

seems just as likely to me that in each case the Examining Division was not denying copyright protection solely because the numbers were "short phrases," but because they lacked sufficient creativity to warrant copyright protection. Indeed, I suspect that the position advanced to us by the Register of Copyrights may have been adopted for the first time in this litigation. If so, it would of course be entitled to no deference whatsoever. *Bowen v. Georgetown University Hosp.*, 488 U.S. 204, 212, 102 L. Ed. 2d 493, 109 S. Ct. 468 (1988).

The lack of formality and care involved in the agency's determination also counsel against deference here. As the government candidly admits, the two letter decisions in question were written by a staff attorney for the Examining Division of the Register of Copyrights in response to the disappointed applicant's appeal of an earlier denial of registration. A second appeal before an Appeals Board was

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decisions offered in this case by the government as evidence of the Register's "routine" practice. One letter denied registration to a "parts price list" (including, apparently, part numbers) while the other denied registration to six discrete part numbers. Yet my research revealed numerous registered price lists, such as the "Burco, Inc. Parts numbers and price list" and the "Basco price list." I also found numerous registrations of part number lists, such as "Computerland InfoSystems – part number configuration master list," as well as many part number cross-reference, comparison, conversion, or update lists, such as "5046/5335 developer part number is changing," "Piping products, comparative product part numbers: bull. 8227," and "P E M – part number conversion table for P E M fastener assemblies with metric threads." None of these registrations contain any indication that the registration is limited to the compilation of the included material.

I have not actually inspected the registered works listed above; my research has been limited to the information available for each registered work on the LEXIS database. Nonetheless, I think this sampling supports my suspicions that the Register of Copyright's position is not nearly as longstanding or consistent as it claims.

available, but apparently not taken, in either case.[20] Neither of the letter decisions explain why parts numbers should be considered "short phrases" covered by the regulation. Furthermore, the shorter of the two decisions consists largely of boilerplate – the phrase "part number" does even appear in the body of the decision – while the longer decision misrepresents several relevant cases discussed earlier, including *American Dental* and *CCC Information Services.*

Finally, for the reasons discussed above, I find the Register's position wholly unconvincing. It may well be that short expressions must hurdle a slightly higher creativity bar than longer works. *See* 1 *Nimmer on Copyright* § 2.01[B] at 2-17; *Universal Athletic Sales Co. v. Salkeld*, 511 F.2d 904, 908 (3d Cir. 1975) (citing *Nimmer*). This is sensible; otherwise relatively mundane phrases or slight variations on common expressions might be taken out of the public domain. However, the majority is incorrect insofar as it contends that Southco's part numbers, even if quite creative, are unprotectable simply because they are short.

For the above reasons, I respectfully dissent and would reverse the District Court's grant of summary judgment to the defendant.

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[20] The government has offered no decision of this higher authority supporting its position here.

SOUTHCO, INC., v. KANEBRIDGE CORPORATION

CIVIL ACTION No. 99-4337

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

2000 U.S. Dist. LEXIS 112; 53 U.S.P.Q.2D (BNA) 1490

January 12, 2000, Decided

COUNSEL: For SOUTHCO, INC., PLAINTIFF: ALEX R. SLUZAS, PAUL AND PAUL, PHILA, PA USA.

For KANEBRIDGE CORPORATION, DEFENDANT: STANLEY H. COHEN, CAESAR, RIVISE, BERNSTEIN, ETAL, PHILA, PA USA. STEVEN B. POKOTILOW, STROOCK & STROOCK & LAVAN, LLP, NEW YORK, NY USA. MICHELE P. SCHWARTZ, STROOCK & STROOCK & LAVAN, NEW YORK, NY USA.

JUDGES: Norma L. Shapiro, S.J.

OPINION BY: NORMA L. SHAPIRO

OPINION:

MEMORANDUM AND ORDER

Norma L. Shapiro, S.J.

January 12, 2000

Plaintiff seeks an injunction preventing defendant from making any reference to plaintiff's copyrighted product identification numbers. The issue is whether the copyright protection afforded to a manufacturer's product identification numbers prevents a competitor from using the numbers for product comparisons. Because plaintiff's numbering system is copyrighted, and

defendant's proposed use is not protected as a "fair use," it will be enjoined.

BACKGROUND

Plaintiff ("Southco") manufactures and sells hardware in Pennsylvania. Its product line includes industrial fasteners, latches, and screws used to secure doors. Presently at issue is the identification system for plaintiff's "47" fastener series, also known as "retractable captive-screw assemblies" – screws and knobs, together forming a locking mechanism. Southco's "47" series fasteners are each identified by nine-digit numbers ("Numbering System"). As new products are introduced, new nine-digit part numbers are created. The nine-digit numbers appear in the following format: ##-##-###-##. The first two numbers, in this case, the numbers "47," denote the product class. "47" denotes certain types of threaded fasteners. *See* 10/5/99 Transcript, p. 19. The other digits denote functional characteristics of each product, for example, installation type, thread size, recess type (phillips or slotted), grip length, type of material, and knob finish. The Numbering System is a language, communicating functional details of the hardware it describes. It is used by Southco employees and customers to refer to parts manufactured and sold by Southco. *Id.* at 21.

Southco has published lists of its "47 series" product numbers, with illustrations and descriptions of the products depicted, since they were introduced in 1972. There are currently over 1,000 different "47" series fasteners including new varieties and corresponding product numbers developed since 1972. Plaintiff's "47" series part lists appear in books entitled, "Southco Fastener Handbook No.

___". The "47" series part lists have appeared in handbooks numbered 22, 23-A, 27, 31, 32 and 39.[1] Each of the Handbooks has a registered copyright.[2]

Defendant ("Kanebridge"), a "master distributor" of hardware, purchases hardware from manufacturers and sells it to distributors, who then sell it to end users. Kanebridge purchases retractable captive screw assemblies from Matdan America Corporation ("Matdan"), a hardware manufacturer. Kanebridge assigns its own part numbers to the Matdan parts.

Southco alleges that Kanebridge refers customers, through catalogs[3] and the world wide web ("WWW"), to comparison charts listing Kanebridge-numbered parts as interchangeable with Southco parts. Southco also alleges that Kanebridge has sold hardware manufactured by Matdan packaged with labels bearing Southco part numbers, and has used Southco part numbers in accepting orders from customers for Matdan parts.

On September 10, 1999 this court entered a Temporary Restraining Order with consent of both parties. The TRO prevented Kanebridge from using Southco "47" part numbers on any advertisements, price lists, source books, WWW pages, labels, packages or brochures. *See* Order, September 10, 1999. The TRO also required Kanebridge to

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[1] These books will be referred to collectively as "Handbooks" unless individual reference is required.

[2] Defendant has stipulated to the facts stated in plaintiff's motion for preliminary injunction. *See* 10/5/99 Transcript, p. 36. The court adopts these stipulated facts.

[3] Kanebridge publishes the "Kanebridge Fastener Reference Guide," and a "Source Book," advertising Matdan's retractable captive panel fasteners as "Southco 47 Series Equivalents."

notify any customer ordering a product by a Southco "47" part number of the correct Kanebridge or Matdan part number. *Id.* The parties agreed to negotiate the terms of a preliminary injunction, but could not reach agreement.

At a hearing held on all disputed factual issues, *see Bradley v. Pittsburgh Board of Educ.*, 910 F.2d 1172, 1178 (3d Cir. 1990) (requiring a hearing when evidence submitted by parties leaves relevant factual issue(s) unresolved), Kanebridge stipulated to the facts alleged by Southco, the parties augmented the record, and made legal argument.

DISCUSSION

Southco seeks a preliminary injunction on the same terms as the TRO. Kanebridge objects because it intends to use Southco's numbering system in product comparison charts published on the internet, in catalogs, and other places.[4] *See* Def. Mem. of Law in Part. Opp. to Pl's Mtn. for Prelim. Inj., p. 3. Kanebridge, admitting it cannot use Southco "47" numbers to identify its fasteners, maintains that it is entitled to refer to Southco numbers to make product comparisons and inform customers that Kanebridge products are the generic equivalents of enumerated Southco "47" series products. *See* 10/5/99 Transcript at 43. Southco argues its copyright in the part numbers entitles it to a complete ban against Kanebridge copying for any purpose. The issue is whether Kanebridge may use Southco numbers in comparison charts, or whether Kanebridge is prohibited from using Southco's numbers in any way, at any time.

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[4] Kanebridge agrees to all other terms of Southco's proposed injunction.

A preliminary injunction is granted only if: 1) the movant has shown a reasonable probability of success on the merits; 2) the movant will be irreparably injured by denial of relief; 3) granting the preliminary relief will not result in even greater harm to the nonmoving party; and 4) granting the preliminary relief will be in the public interest. *See Allegheny Energy, Inc. v. DQE, Inc.*, 171 F.3d 153, 158 (3d Cir. 1999). Because Southco has met this burden, a preliminary injunction in the form sought by Southco will be entered.

I. Likelihood of success on the merits

Copyright law protects "original works of authorship fixed in any tangible medium of expression." 17 U.S.C. § 102. A copyright, once established, prohibits unauthorized copying to the extent copies are substantially similar to the copyrighted work. *See Educational Testing Svcs. v. Katzman*, 793 F.2d 533, 541 (3d Cir. 1986). Copying is not an infringement if it is a fair use of the copyrighted work. *See* 17 U.S.C. § 107.

Southco's "47" series numbers are copyrighted, and Kanebridge copies the numbers in its comparison charts. Kanebridge's copying is not a fair use. Southco would likely succeed on the merits.

A. Copyright Validity

A copyright registration is *prima facie* evidence of the validity of the copyright. *See* 17 U.S.C. § 410(c) ("In any judicial proceedings the certificate of a registration . . . of the work shall constitute *prima facie* evidence of the

validity of the copyright . . . . ").[5] Kanebridge stipulated to Southco's assertion that each Southco handbook has a copyright registration. *See* 10/5/99 Transcript, at 36. Southco offered no evidence that any of the Handbook registrations were under the Compilation provisions of the Copyright Act, under which only the selection, coordination, and arrangement of the Handbook would be protected. *See Feist Pubs., Inc. v. Rural Tel. Svc. Co.*, 499 U.S. 340, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991). Southco credibly maintains that the entire content of each Handbook is original authorship, not a compilation of material in the public domain.

The certificates of registration are *prima facie* evidence of Southco's copyright in its "47" series numbering system as reflected within the Handbooks. *See* 17 U.S.C. § 410(c).

The Copyright Act protects "original works of authorship fixed in any tangible medium of expression." 17 U.S.C. § 102. There is no dispute that Southco fixed its Numbering System in a tangible medium of expression.

But Kanebridge argues that Southco's Numbering System lacks sufficient originality for copyright protection. To be original, a work must be created independently by the author, and possess at least some minimal degree of creativity. *See Feist Pubs., Inc. v. Rural Tel. Svc. Co.*, 499 U.S. 340, 345, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991).

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[5] 17 U.S.C. § 410(c) states that a court has discretion over the weight accorded certificates of registration dated more than five years after the first publication of the work. Some of the Handbooks were registered more than five years after publication. There is no reason to afford the later registrations less weight under § 410(c) than if they had been filed within five years of publication.

Originality is a low threshold for a plaintiff to meet; even a slight amount will suffice. *Id.*; *see also Baker v. Selden,* 101 U.S. 99, 25 L. Ed. 841 (1879); *Bell v. Catalda,* 191 F.2d 99, 101 (2d Cir. 1951). The Numbering System, with its unique, non-intuitive and highly complex attributes, easily satisfies the standard for originality. It was created out of nothing, and has developed to some use as an industry standard. *See* 10/5/99 Transcript at 78. It is expandable as new products are developed, and is of use to Southco employees and customers. Each digit represents a different characteristic. Southco decides which digit represents which characteristic. Southco decides which characteristics it will describe with the Numbering System. The Numbering System is original.

Kanebridge relies on *Toro Co. v. R & R Prods. Co.,* 787 F.2d 1208 (8th Cir. 1986), in arguing that Southco's Numbering System lacks the requisite originality. In *Toro,* plaintiff manufactured and sold lawn care machines and replacement parts. Plaintiff cataloged its replacement parts by "arbitrarily" assigning a random sequential number to each new part it created. *Toro,* 787 F.2d at 1213. Defendant manufactured and sold a line of replacement parts designed to fit plaintiff's machines. Defendant, advertising its replacement parts in a catalog, used part numbers identical to plaintiff's, except for the addition of the letter "R". *Id.* The court held that plaintiff's parts numbering system was not copyrightable because it lacked the originality required under 17 U.S.C. § 102. *Toro,* 787 F.2d at 1210. Plaintiff's random and arbitrary use of numbers in the public domain did "not evince enough originality to distinguish authorship. . . . No effort or judgment went into the selection or composition of the numbers." *Toro,* 787 F.2d at 1213.

The *Toro* court noted that "[a] system that uses symbols in some sort of meaningful pattern, something by which one could distinguish effort or content, would be an original work." 787 F.2d at 1213. Southco's arrangement of product numbers is also original because it creates a meaningful pattern to identify the products. Any person, once familiar with the Numbering System, can identify a product based on the content and arrangement of its product number.

Kanebridge also cites *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366 (10th Cir. 1997). In *Mitel,* plaintiff sought a preliminary injunction to stop defendant from copying codes plaintiff created to operate a machine used to facilitate telephone operation. The codes were comprised of "registers," "descriptions," and "values." *Mitel,* 124 F.3d at 1366. The "registers" were numbers arbitrarily assigned to particular telephone functions; for example, "X27" identified the function "Time to Auto Answer." *Id.* The "descriptions" were numbers or symbols representing a particular setting within each function; for example, function "006" represented the 4800 baud rate. *Id.* The "values" were the various possible settings for each controller function, and were measured in "baud"; for example, 110 baud, 300 baud, or 600 baud. *Id.*

The *Mitel* court held that the registers and descriptions were not sufficiently original for copyright protection because the numbers were selected arbitrarily, and were largely sequential. *Id.* at 1374. Plaintiff's "arbitrary assignment of particular numbers to particular functions and its sequential ordering in registers and descriptions" lacked the modicum of creativity required under the Copyright Act. *Id.*

However, the *Mitel* court found that the "values" were sufficiently original for copyright protection.[6] Assignment of "appropriate values for the wide variety of individual functions [of the telephone]," provided the "minimal degree of creativity," required to qualify a work as "original." *Id.* Southco's Numbering System is original under this portion of the *Mitel* analysis.

Southco uses product numbers that convey specific properties of the products manufactured. *See* Transcript at 19-20. The numbers are not assigned at random or in sequence; they are assigned based on the properties of the parts. The Numbering System is a complex code expressing numerous detailed features of Southco hardware products; each part number tells the story of a part's size, finish, and utility. Southco does not make random and arbitrary use of numbers; Southco assigns numbers based on a system designed over twenty years ago and refined ever since. The Numbering System evidences creativity and effort reflecting the judgment the *Toro* and *Mitel* courts found lacking in those cases. The Numbering System is sufficiently original for copyright protection.

Southco is likely to succeed in establishing that its product identification numbers are copyrightable.

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[6] Though sufficiently original, the court held that the values were excluded from copyright protection under the scenes a faire doctrine, excluding from protection expressions "whose creation 'flows naturally from considerations external to the author's creativity.'" *Mitel,* 124 F.3d at 1375. Having found that the Southco Numbering System is an expression of original creative thought derived directly from Southco's creativity, the scenes a faire doctrine is not relevant to this action.

B. Infringement

Kanebridge admits that it copied (and desires to continue copying) Southco's numbering system. Copying constitutes a copyright infringement, *Katzman,* 793 F.2d at 540, unless an exception such as fair use or the First Amendment applies.

Kanebridge's First Amendment rights are not implicated. Copyright law balances the right to freedom of speech against the competing constitutional right to protection of the useful arts and sciences. *See* U.S. Const. First Amend; U.S. Const. Art. I. § 8. Southco's copyright does not restrain the use of ideas or concepts, such as factual descriptions of Southco's hardware, so First Amendment rights of Kanebridge are not violated. *See Zacchini v. Scripps-Howard Broad. Co.,* 433 U.S. 562, 577 n.13, 53 L. Ed. 2d 965, 97 S. Ct. 2849 (1977).

C. Fair Use

Kanebridge has vigorously raised the affirmative defense of fair use and bears the burden of production and persuasion of fair use. *See* Patry, *Copyright Law and Practice* 128 (1998 Cum. Supp.). 17 U.S.C. § 107 provides:

> In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include –
>
> 1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
>
> 2) the nature of the copyrighted work;

> 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
>
> 4) the effect of the use upon the potential market for or value of the copyrighted work.

All four § 107 factors "are to be explored, and the results weighed together, in light of the purposes of copyright." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 114 S. Ct. 1164, 1170, 127 L. Ed. 2d 500 (1994). No one factor is presumptively dispositive, and there is no bright line rule. *See* 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13.05(A). Fair use is a rule of reason that balances "the author's right to compensation for his work . . . against the public's interest in the widest possible dissemination of ideas and information . . . . " *Triangle Pubs., Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171, 1174 (5th Cir. 1980); *see also Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 448, 78 L. Ed. 2d 574, 104 S. Ct. 774 (1984). A copy made for purposes of criticism, comment, news reporting, teaching, scholarship or research is likely to support a finding of fair use. *See* 17 U.S.C. § 107.

1. Commercial Use

Commercial use of copyrighted material is "presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright . . . . " *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451, 78 L. Ed. 2d 574, 104 S. Ct. 774 (1984). Commercial use is broadly defined, and includes use for advertising. *See* Nimmer at § 13.05(A)(1)(c). Commercial use does not preclude an ultimate determination of fair use; it is "not

conclusive" of the fair use inquiry. *See Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 127 L. Ed. 2d 500, 114 S. Ct. 1164 (1994). However, "[t]he character of a use as commercial will tend to weigh against the first factor being resolved in the defendant's favor .... The force of that tendency will vary with the context of the use and the nature and extent of the commerciality." Patry, *The Fair Use Privilege in Copyright Law* 432 (1995).

Kanebridge seeks to use Southco's Numbering System in comparative advertising, that is, to list Southco's copyrighted "47" series part numbers in tabular form next to the corresponding Kanebridge part numbers. This is a commercial use because the Kanebridge motive is to sell its competing hardware and increase its profits. There is no educational, critical, scholarly, or newsworthy reason for the Kanebridge table. *See Acuff-Rose,* 510 U.S. at 584 (noting the illustrative uses listed in the preamble to paragraph to § 107 of the Copyright Act). Kanebridge simply seeks to profit by referencing Southco's Numbering System.

Kanebridge argues that a truthful comparative advertisement incorporating Southco's copyrighted Numbering System is an allowable fair use. *See Triangle Publs., Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171 (5th Cir. 1980). In *Triangle,* plaintiff was the publisher of TV Guide magazine and defendant published a competing television programming guide. To promote its new guide, defendant produced television commercials in which actors compared the two magazines, in part by holding up a copy of each magazine. *Id.* at 1173.

The court held defendant did not infringe plaintiff's copyright by exhibiting its magazine cover in the television

commercial, but made a fair use of plaintiff's magazine cover because defendant made no attempt to "palm off" plaintiff's product as that of defendant's; it was a comparative advertisement generally accepted in the advertising industry. *See Triangle,* 626 F.2d at 1178.

Defendant in *Triangle* showed the TV Guide magazine to prove its product different and better because it was smaller in size and came with a Sunday newspaper. Kanebridge seeks to show that their products are the same as, and no better than, those made by Southco. Listing generic products next to their brand name counterparts was not considered by the *Triangle* court. There has been no evidence that the comparison Kanebridge seeks to make is generally accepted in the advertising or construction industries. *Triangle* does not support Kanebridge's desired use of Southco's numbering system.

The fair use doctrine allows the use of copyrighted material in some advertisements, but not those at issue here. If Kanebridge wants to identify a particular fastener manufactured by Southco for comparative advertising purposes, it can do so by describing it in factual terms, but not by using Southco's copyrighted part numbers.

Kanebridge frequently blends copyright and trademark arguments, but the issue is one of copyright law. Trademark law has specific provisions allowing comparative advertisement, but these provisions may be more lenient than those in copyright law. *See* 2 J. McCarthy, *McCarthy on Trademarks and Unfair Competition,* § 25:53 at 25-86 (4th Ed. 1999). The laws of trademark and copyright are distinct, despite their common roots in the Constitution. *See* U.S. Const. Art. I § 8; 17 U.S.C. § 101 et seq (Copyright Act); 22 U.S.C. § 1051 et seq. (Trademarks).

Kanebridge's commercial use of Southco's Numbering System does not support a finding of fair use under copyright law.

2. Nature of the copyrighted work

The more creative a work, the more protection it is accorded. *See* Nimmer at § 13.05(A)(2)(a). Material with broad secondary markets has a broader claim to protection because of the greater potential for commercial harm. *See Sony Corp. v. Universal City Studios,* 464 U.S. 417, 455 n.40, 78 L. Ed. 2d 574, 104 S. Ct. 774 (1984).

To some extent, Southco's Numbering System has become a construction industry standard. *See* Transcript at 78. Southco, having invested time, resources, and creativity to create a useful numbering system, receives strong protection under copyright law. Kanebridge has other ways of competing with Southco without appropriating its copyrighted numbering system. For instance, Kanebridge can compare its parts to Southco's by using factual descriptions.

3. Amount and Substantiality

Kanebridge seeks authority to copy entire lists of Southco's Numbering System. To the extent each nine-digit number is copyrighted, Kanebridge would be copying the entire copyrighted material. Kanebridge argues it would not copy Southco's drawings or descriptions but admits it would copy a numbering system that is copyrighted in its entirety. The substantial amount of copying does not support a finding of fair use.

4. Effect of Use on Potential Value of the Copyrighted Work

It is unclear "whether unrestricted and widespread conduct of the sort engaged in by the defendant . . . would result in a substantially adverse impact on the potential market for, or value of, the plaintiff's present work." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590, 127 L. Ed. 2d 500, 114 S. Ct. 1164 (1994).

There was no evidence of losses Southco would suffer if Southco's copyrighted material were used in the manner proposed by Kanebridge. Any such losses could plausibly be attributed to commercial competition with lower priced competitors. *Cf. Triangle Publs., Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171 at 1177 (5th Cir. 1980). In *Triangle,* the court reasoned that defendant's alleged infringement caused no injury to the plaintiff because "it [did] not in any manner substitute for the plaintiff's product." *Id.* The court added "[a]ny harm suffered by the plaintiff results from competition with an independently created work rather than from exploitation of plaintiff's own copyrighted material." *Id.*

The value to Southco of its Numbering System would suffer as a direct result of widespread use by unauthorized competitors. Kanebridge has agreed to cease using the Southco Numbering System to identify its own panel fasteners, but the proposed Kanebridge's "comparison chart" would exploit Southco's achievements in the marketplace and lessen the value of its copyrighted work. The current value of Southco's Numbering System would erode if customers learned new part numbers over time based on Kanebridge's "comparison chart," featuring translations of Southco numbers into generic "equivalents". Market

factors are either neutral or fail to support Kanebridge's proposed fair use.

There may be hardship to Kanebridge in terms of decreased revenue, but the law of copyright grants a powerful monopoly to authors for a limited time, during which authors may enjoy the fruits of their creative labor. If significant market forces were to prevail over copyright law as a matter of course, then society would suffer a loss of incentive to create. Southco will be allowed to enjoy the protections the law affords for the statutory period.

II. Irreparable injury

If Southco successfully establishes ownership and copying, a rebuttable presumption of irreparable harm is also established. *See Marco v. Accent Publishing Co., Inc.*, 969 F.2d 1547, 1553 (3d Cir. 1992); *Educational Testing Services v. Katzman*, 793 F.2d 533, 543-44 (3d Cir. 1986); *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1252 (3d Cir. 1983). Southco has established that it owns a copyright in its numbering system; when Kanebridge infringes that copyright, irreparable injury is presumptively established. Kanebridge has not produced evidence sufficient to rebut the presumption.

III. Harm to Nonmoving Party, and IV. Public Interest

Consideration of the harm to Kanebridge blends with the impact on public policy. Kanebridge argued that banning it from making any reference to Southco's "47" series products would cause Kanebridge financial harm. Copyright law strikes the "difficult balance between the interests of authors . . . in the control and exploitation of

their writings . . . on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand . . . . " *Sony Corp. v. Universal City Studios,* 464 U.S. 417, 429, 78 L. Ed. 2d 574, 104 S. Ct. 774 (1984).

Southco's time, effort, creativity, and expense over the years in authoring the Numbering System must be protected because copyright law grants its statutory monopoly to protect the investment made in expressing the results of innovation. *See, e.g., Apple Computer, Inc. v. Franklin Computer Corp.,* 714 F.2d 1240, 1252 (3d Cir. 1983). By enforcing the statutory protection of copyright law for the creation of original expression, the public interest is served. In the time before the expiration of Southco's statutory monopoly over its numbering system, Kanebridge will find other ways to compete. Kanebridge is not prevented from making factual comparisons between its products and Southco's, but only from using Southco's copyrighted Numbering System in doing so.

CONCLUSION

Southco has established that a preliminary injunction should issue. Kanebridge will be prevented from making reference to the Southco Numbering System in any catalog, "Source Book," price list, advertisement, web page, label, package, or brochure.

ORDER

AND NOW this 12th day of January, 2000, in accordance with the attached memorandum, it is **ORDERED** that for the duration of Southco's copyright in its numbering system:

I. Kanebridge Corporation ("Kanebridge"), its agents and assigns, shall not use Southco "47" series part numbers to identify its panel fasteners.

II. Kanebridge, its agents and assigns, shall not publish any catalog, "Source Book," price list, advertisement, web page, label, package, or brochure identifying any panel fastener with a Southco "47" series part number, or any web page linking directly or indirectly to another web page displaying panel fasteners identified by Southco "47" series part numbers.

III. Kanebridge, its agents and assigns, shall not distribute or publish any catalog, "Source Book," price list, advertisement, web page, label, package, or brochure identifying any panel fasteners with a Southco "47" series part number, or any web page linking directly or indirectly to another web page displaying panel fasteners identified by a Southco "47" series part numbers.

IV. Kanebridge, its agents and assigns, shall not sell any product in packaging bearing a Southco "47" series part number.

V. Kanebridge, its agents and assigns, shall notify all customers ordering a product using a Southco "47" series part number that it will not fill the order under that part number and may advise said customer of a different (non-Southco) part number for the product.

It is further **ORDERED** that Southco's motion to strike Kanebridge's post-hearing memorandum is **DENIED**.

Norma L. Shapiro, S.J.

SOUTHCO, INC. v.
KANEBRIDGE CORPORATION, Appellant

No. 00-1102

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

258 F.3d 148; 2001 U.S. App. LEXIS 16245;
59 U.S.P.Q.2D (BNA) 1514

September 13, 2000, Argued
July 20, 2001, Filed

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MALLA POLLACK, Northern Illinois University College of Law, DeKalb, IL, Counsel for Amicus Curiae in Support of Appellants.

JAMES C. MCCONNON (Argued), ALEX R. SLUZAS, Paul & Paul, Philadelphia, PA, Counsel for Appellees.

JUDGES: Before: SLOVITER, SCIRICA and ALITO, Circuit Judges.

OPINION BY: ALITO

OPINION:

OPINION OF THE COURT

ALITO, Circuit Judge:

Kanebridge Corporation ("Kanebridge") appeals the District Court's order granting a preliminary injunction in favor of Southco, Inc. ("Southco"). Because we find that Southco's part numbers are not entitled to copyright protection, we reverse the District Court's order.

I.

Southco manufactures various types of captive screw fasteners, devices used in assembling the panels of items such as computers and telecommunications equipment.[1] Important characteristics that distinguish among the huge variety of fasteners include their length, thread size, finish, recess type, installation type, screw diameter, and composition. To assist its employees and customers in identifying and distinguishing among its products, Southco developed a numbering system to serve as a shorthand description of the relevant characteristics of each fastener. Under this system, each fastener is assigned a unique nine-digit number, with each digit describing a specific physical

[1] Southco describes these fasteners as follows: "Captive screws are used to fasten panels together. Each captive screw comprises a screw, a ferrule and a knob. A set of screws will be mounted in one panel by means of the ferrule and the other panel contains an internally threaded insert which receives the screw." Appellee's Brief at 6-7.

parameter of the fastener.[2] Southco includes these numbers in various Handbooks it publishes each year.[3] Anyone

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[2] Southco's brief illustrated how its numbering system works by including the following description of part numbers 47-10-202-10 and 47-11-202-10:

> 47-10-202-10
>
> The first two digits ("47") refer to Southco's line of captive fasteners, as opposed to other Southco product lines. The next two digits ("10") refer to an English thread with either a flare or floating style ferrule with a specific screw projection. In particular, the specific digits ("10") indicate that the screw is so short that it does not project outside the ferrule when the installed captive fastener is in the unfastened state. In the next series of digits ("202"), the first digit ("2") refers to the specific thread size ("632"). The next digit ("0") indicates a slotted recess on top of the screw. The next digit ("2") refers to the grip length of that flange, where the parts attach to the panel. In this case, the "2" indicates that the flange grip length is appropriate for panel with a thickness from 0.058 inches and 0.125 inches. In the last two digits, the first digit ("1") indicates the type of material that the ferrule is made out of (aluminum) and that the knob has a natural finish. The last digit ("0") indicates whether the knob is knurled or smooth. The "0" indicates that the knob is knurled.
>
> 47-11-202-10
>
> This number signifies a captive fastener that is identical, except that the second pair of digits ("11") refer to an English thread with a flare or floating style ferrule with a different screw projection. In this case the screw is long enough to project from the ferrule even when the captive fastener is unfastened.

[3] Southco obtained copyright registrations for these Handbooks, but the registrations do not refer to the part numbers. In addition to the part numbers, the Handbooks contain, among other things, short descriptions and drawings of the various products. The parties do not appear to dispute that the Handbooks are entitled to copyright protection, and it is well-established that compilations can be copyrighted, assuming that the compiler "makes the selection or arrangement independently (i.e. without copying that selection or arrangement from

(Continued on following page)

who is familiar with Southco's system should be able to determine all of the relevant features of a particular screw from its part number alone. This numbering system has become an industry standard, and the part numbers produced by the system are the subject of this copyright infringement suit.

Matdan America ("Matdan") is a competing manufacturer of panel fasteners. Kanebridge, known as Matdan's "master distributor," sells Matdan fasteners to other distributors, often at prices lower than Southco's. Because Southco's numbering system has become an industry standard, many of Kanebridge's customers often specify suitable fasteners by reference to Southco's part numbers. Recognizing this fact, Kanebridge began using Southco's part numbers in comparison charts that were included in advertisements and other literature that it provides to customers. These charts display Kanebridge's and Southco's numbers for equivalent fasteners in adjacent columns, making it clear that these parts are interchangeable.[4] According to Kanebridge, the "ability to cross-reference Southco panel fasteners in an honest, accurate and comparative manner" is necessary to make competition viable. Appellant's Brief at 7. Without this ability, customers would lose the opportunity to obtain lower-cost alternative fasteners. *Id.*

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another work), and that it display some minimal level of creativity." *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 358, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991).

[4] Southco claims that Matdan's fasteners, although interchangeable with its own, are of inferior quality. Whether or not this is true, however, is irrelevant to the present appeal.

Southco commenced this action against Kanebridge asserting, among other claims, a claim for copyright infringement. The parties agreed to a temporary restraining order ("TRO") containing various restrictions on Kanebridge's use of Southco's part numbers. They also agreed to enter into a preliminary injunction on consent but were unable to agree on its scope. Southco then moved for a preliminary injunction of the same scope as the TRO, and after a hearing, the District Court issued an order granting Southco's motion. Kanebridge is appealing this order.

II.

The decision whether to enter a preliminary injunction is committed to the sound discretion of the trial court and will be reversed "only if the court abused its discretion, committed an obvious error in applying the law, or made a serious mistake in considering the proof." *Loretangeli v. Critelli,* 853 F.2d 186, 193 (3d Cir. 1988); *see also Times Mirror Magazines, Inc. v. Las Vegas Sporting News, L.L.C.*, 212 F.3d 157, 160-61 (3d Cir. 2000). Although the scope of our review is limited, "any determination that is a prerequisite to the issuance of an injunction . . . is reviewed according to the standard applicable to that particular determination." *American Tel. and Tel. Co. v. Winback and Conserve Program, Inc.,* 42 F.3d 1421, 1427 (3d Cir. 1994) (quoting *John F. Harkins Co., Inc. v. Waldinger Corp.,* 796 F.2d 657, 658 (3d Cir. 1986)). Therefore, "we exercise plenary review over the District Court's conclusions of law and its application of the law to the facts." *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.,* 40 F.3d 1431, 1438 (3d Cir. 1994); *see also Marco v. Accent Publ'g Co.*, 969 F.2d 1547, 1548 (3d Cir. 1992).

III.

Kanebridge challenges the District Court's grant of a preliminary injunction on two separate grounds. First, it argues that Southco's part numbers fail to satisfy the requirements for copyright protection. Kanebridge gives three reasons to support this argument: the part numbers' lack of sufficient originality, the scenes a faire doctrine, and the merger doctrine. Second, Kanebridge argues that, even if the part numbers are protected, its use of the numbers satisfies the requirements for fair use. Because we conclude that these numbers fail to satisfy the originality requirement, we do not reach any of the other arguments.

A.

Copyright protection is available for "original works of authorship fixed in any tangible medium of expression." 17 U.S.C. § 102(a) (emphasis added). The Supreme Court has held that, in order to satisfy the originality requirement, a work must have been "independently created by the author" and must possess "at least some minimal degree of creativity." *Feist Publications, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 345, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991). Although the Court has noted that this is not a "stringent" standard, it has also held that there is "a narrow category of works in which the creative spark is utterly lacking or so trivial as to be virtually nonexistent." *Id.* at 358-59. We conclude that Southco's part numbers fit within this "narrow category" of works that are incapable of sustaining a valid copyright. *Id.*

At the outset, we must determine exactly what work Southco claims is entitled to copyright protection. There

are three possibilities: (1) the numbering system, (2) the actual part numbers, and (3) both the system and the numbers. The District Court apparently did not distinguish among these three options. Although it framed the issue as "whether Kanebridge may use Southco numbers in comparison charts," the Court's analysis repeatedly referred to the "Numbering System." *Southco, Inc. v. Kanebridge Corp.*, 2000 U.S. Dist. LEXIS 112, No. CIV. A. 99-4337, 2000 WL 21257, at *2 (E.D.Pa. Jan. 12, 2000) (emphasis added). For example, when discussing the originality requirement, the Court stated: "The Numbering System is sufficiently original for copyright protection." *Id.* at 3 (emphasis added). For purposes of copyright law, however, Southco's numbering system itself and the actual numbers produced by the system are two very different works.[5]

Southco has not alleged that Kanebridge improperly used its numbering system. Instead, it alleges that Kanebridge infringed its copyright in the actual part numbers. This case does not involve Kanebridge's creation of a new fastener and its use of the Southco numbering system to assign that part a part number. That

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[5] As the amicus brief submitted on behalf of the United States aptly notes:

> The district's court's originality analysis addressed the originality not of the 51 nine-digit numbers Southco alleged Kanebridge to have copied, but rather of the "Numbering System." . . . The court found that system to be original and protected by Southco's registered copyrights. Whatever the merits of those findings, they do not compel, nor even suggest, a conclusion that the parts numbers are protected by copyright.

Amicus Brief of the United States at 14.

hypothetical situation would raise issues not present in this appeal.[6] We believe that, given Southco's allegations, the proper focus of our analysis must be on the actual part numbers.[7]

B.

To satisfy the originality requirement, Southco's part numbers must "display some minimal level of creativity." *See Feist,* 499 U.S. at 358. Although the originality requirement is not demanding, it nevertheless is a prerequisite for copyright protection since copyright protection is available only for "original works of authorship." 17 U.S.C. § 102(a) (emphasis added); *see also Feist*, 499 U.S. at 345 ("The sine qua non of copyright is originality."). Indeed, "originality is a constitutional requirement." *Feist,* 499 U.S. at 346. We conclude that the creative spark is utterly

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[6] For example, the United States raises the question whether the system amounts to a set of abstract rules that is ineligible for copyright protection under 17 U.S.C. § 102(b). Amicus Br. for the United States at 14 n.12. We express no opinion on this issue. However, we do point out that, in response to questions at oral argument, Southco's attorney conceded that the system itself is not eligible for copyright protection. This issue does not affect the outcome of this case.

[7] An analogy to patent law may be helpful to illustrate the importance of this distinction. If someone obtains a process patent for a machine that manufactures widgets, that person has a monopoly in the rights to the machine. However, unless the widgets themselves also satisfy the requirements for patent protection and the application contains claims related to the widgets, that person will have no patent rights in the widgets and will not succeed in an infringement suit against someone who produces identical widgets through a process that does not infringe the patent for the machine. His/her patent rights will be limited to the machine that produces the widgets. *See United States v. Studiengesellschaft Kohle*, 216 U.S. App. D.C. 303, 670 F.2d 1122, 1127-28 (D.C. Cir. 1981).

lacking in Southco's part numbers and that these numbers are examples of works that fall short of the minimal level of creativity required for copyright protection.

Although the District Court reached the opposite conclusion, its own words demonstrate that Southco's part numbers are completely devoid of originality and instead result from the mechanical application of the numbering system. As the District Court stated,

> Southco uses product numbers that convey specific properties of the products manufactured. The numbers are not assigned at random or in sequence; they are assigned based on the properties of the parts. The Numbering System is a complex code expressing numerous detailed features of Southco hardware products; each part number tells the story of a part's size, finish, and utility. Southco does not make random and arbitrary use of numbers; Southco assigns numbers based on a system designed over twenty years ago and refined ever since.

Southco, 2000 U.S. Dist. LEXIS 112, *13, 2000 WL 21257, at *4. Southco also acknowledges this fact in its brief by stating that its system "is made up of nine-digit part numbers in which the first two numbers denote the type of fastener and the remaining digits denote functional characteristics of each type, such as installation type, thread size, recess type, grip length, type of material, and knob finish." Appellee's Brief at 7. Southco also refers to its system as a "code which communicates details of the hardware." *Id.*

Southco unquestionably devoted time, effort, and thought to the creation of the numbering system, but Southco's system makes it impossible for the numbers

themselves to be original. Under that system, there is simply no room for creativity when assigning a number to a new panel fastener. The part has certain relevant characteristics, and the numbering system specifies certain numbers for each of those characteristics. As a result, there is only one possible part number for any new panel fastener that Southco creates. This number results from the mechanical application of the system, not creative thought. If Southco were to develop a new fastener and for some reason decide to exercise creativity when assigning it a number, the resulting part number would fail to accomplish its purpose. Regardless of how small the change is, customers could not effectively identify the relevant characteristics of the panel fastener by simply looking at its part number.

C.

The District Court devoted significant attention to two decisions from other circuits, and the parties' briefs take the same approach. These decisions, *Toro Co. v. R & R Products Co.*, 787 F.2d 1208 (8th Cir. 1986), and *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366 (10th Cir. 1997), are of course not binding on this Court, and neither directly addresses the precise ground on which our current decision is based. In *Toro*, the Eighth Circuit held that a lawn care machine manufacturer's part numbering *system* lacked sufficient originality for copyright protection. *See Toro*, 787 F.2d at 1213. The manufacturer arbitrarily assigned a random sequential number to each new part it created and offered no evidence that the numbers used were intended to encode any information. *See id.* The Court stated: "The random and arbitrary use of numbers in the public domain

does not evince enough originality to distinguish authorship." *Id.* In dicta, however, the Court went on to say:

> This is not to say that all parts numbering systems are not copyrightable. A system that uses symbols in some sort of meaningful pattern, something by which one could distinguish effort or content, would be an original work.

Id. Both Southco and the District Court have seized on this dicta and argued that Toro supports a finding of copyrightability for Southco's part numbers since those numbers are not randomly assigned.

We agree with Kanebridge that reliance on *Toro* is unfounded. For one thing, the *Toro* Court, in analyzing the issue of originality, invoked the "sweat of the brow" theory, under which courts considered the amount of effort expended by an "author" in assessing whether a work was original. *See* 787 F.2d at 1213 (relying on *Hutchinson Tel. Co. v. Fronteer Directory Co.*, 770 F.2d 128 (8th Cir. 1985)). The *Toro* Court relied, at least in part, on this theory in making the statement on which Southco and the District Court have relied. *See* 787 F.2d at 1213 ("A system that uses symbols in some sort of meaningful pattern, something by which one could distinguish effort or content, would be an original work.") (emphasis added). However, the Supreme Court has clearly rejected the "sweat of the brow" theory. *See Feist*, 499 U.S. at 352-61 ("Without a doubt, the 'sweat of the brow' doctrine flouted basic copyright principles."). In addition, *Toro* stated only that a parts numbering "system" that used symbols in a meaningful pattern would be original. 787 F.2d at 1213. Here, as we have emphasized, the issue is not the originality of Southco's system but of its parts numbers themselves. For

these reasons, we do not believe that *Toro* supports a finding of copyrightability in this case.

The Tenth Circuit's decision in *Mitel* likewise does not support Southco's argument. The *Mitel* Court addressed the issue of copyrightability of four-digit computer codes used to operate telecommunications equipment.[8] The Court first held that the four digits making up these codes themselves – the "registers" (the first three digits) and "descriptions" (the fourth digit) – were not original and therefore not copyrightable. These numbers were arbitrarily chosen and largely sequential, and the Court concluded that "'the random and arbitrary use of numbers in the public domain does not evince enough originality to distinguish authorship.'" 124 F.3d at 1374 (quoting District Court). However, the Court reached a different conclusion with respect to the "values" assigned to the "descriptions." *Id.* at 1374. One such "value" that the Court described concerned the appropriate response "upon the failure of a call sent over a particular telephone

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[8] Kanebridge accurately and succinctly described the command codes that were at issue in *Mitel* as follows:

> The four-digit codes included a "register", consisting of the first three digits, and a "description", consisting of the last digit. Each three-digit register identified a particular function. Particular numbers in the description digit corresponded to certain "values" pertaining to the function identified by the register. For example, register "X27" identified the function "Time to Auto Answer", wherein X indicated the number of the telephone line for which the function would be activated. With regard to the description, a "4" stood for the value of "40 seconds" for the "Time to Auto Answer" function. Other values for this function denoted other time durations. For other functions, values represented various baud rates.

Kanebridge's Brief at 31-32.

network route." *Id.* "The possible values for this function included several combinations of redialing over another route or reattempting the call over the same route again before trying another route." *Id.* The Tenth Circuit held "that Mitel's values reveal 'the existence of . . . intellectual production, of thought, and conception.'" *Id.* (quoting *Feist*, 499 U.S. at 362). The Court stated that Mitel employees satisfied the "minimal degree of creativity" requirement by "devising appropriate values for the wide variety of individual functions." *Id.* Despite this finding of originality, the court denied copyright protection to these values under the scenes a faire doctrine.

The District Court, without any explanation, declared that "Southco's Numbering System is original under this portion of the *Mitel* analysis." This reliance on *Mitel*, however, was misplaced.[9] We agree with Kanebridge that the values in *Mitel* are not analogous to the part numbers in this case. Instead, they are more closely analogous to the physical specifications of the parts. For example, the number "4" as a description in one of the codes in Mitel stood for the value of "40 seconds." This is simply an operational parameter. The number "4" just as easily could have stood for values of "4 seconds," "44 seconds," "83 seconds," or any other amount of time. It was in making this decision that the value should be "40 seconds" that the Mitel employees exercised creativity. At best, this would be

[9] In its brief, Southco stated, "The values in *Mitel* were found to be copyrightable however, even though single digits, because they were established according to a system." Appellee's Brief at 19-20. The *Mitel* Court reached no such holding and did not refer to the values being established according to a system when concluding that they satisfied the originality requirement. Therefore, we disagree with Southco's characterization of the court's holding.

analogous to Southco's choosing the length to make a particular fastener. For example, it would be analogous to Southco's deciding between making a particular fastener 200 millimeters or 300 millimeters in length. This is not the same as deciding that the number "2" in its numbering system should represent a fastener that is 632 millimeters. For this reason, we do not believe that *Mitel* supports a finding of copyrightability in this case.

Finally, we believe that it is important to address a third case that the District Court and the parties have not discussed. In *American Dental Association v. Delta Dental Plans Association,* 126 F.3d 977 (7th Cir. 1997), the Seventh Circuit held that a "taxonomy" used by the American Dental Association ("ADA") was copyrightable. This taxonomy classified various dental procedures into groups and assigned to each procedure a five-digit number, a short description, and a long description.[10] *See id.* at 977. This taxonomy was used to create the "Code on Dental Procedures and Nomenclature," a compilation of all of the potentially billable dental procedures. Delta, a corporation that provides and administers various member dental care service plans, published its own book entitled "Universal Coding and Nomenclature." This book included most of the numbering system and short descriptions from the ADA's Code. *See id.* The District Court held that the ADA's taxonomy was not copyrightable.

In reversing the District Court, the Seventh Circuit first expressed concern that the District Court's decision

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[10] For example, the number 04267 is assigned to the short description "guided tissue regeneration – nonresorbable barrier, per site, per tooth (includes membrane removal)." *American Dental Ass'n*, 126 F.3d at 977.

was so sweeping that it would remove copyright protection from many other well-established "taxonomies," such as the West Key Number System and the manuals issued by the Financial Accounting Standards Board to specify generally accepted accounting practices. *See id.* at 978. The Court went on to hold that the ADA's taxonomy was entitled to copyright protection. *See id.* at 979. The Court observed:

> Facts do not supply their own principles of organization. Classification is a creative endeavor. Butterflies may be grouped by their wings, or their feeding or breeding habits, or their habitats, or the attributes of their caterpillars, or the sequence of their DNA; each scheme of classification could be expressed in multiple ways. Dental procedures could be classified by complexity, or by the tools necessary to perform them, or by the parts of the mouth involved, or by the anesthesia employed, or in any of a dozen different ways.

Id. The court added:

> Creativity marks the expression even after the fundamental scheme has been devised. This is clear enough for the long description of each procedure in the ADA's Code. The long description is part of the copyrighted work, and original long descriptions make the work as a whole copyrightable. But we think that even the short description and the number are original works of authorship.

Id.

We believe that there are important distinctions between *American Dental* and the present case. The long and short descriptions of the various dental procedures are

obviously very different from the part numbers at issue in the present case, and therefore the Seventh Circuit's decision that these descriptions are copyrightable has no application here. Moreover, even the numbers assigned to the procedures appear to be quite different. These numbers were not chosen randomly, as were the numbers in *Toro* or the computer codes in *Mitel*, and they were not the mechanical results of a numbering system, as are the part numbers in question in this case. Rather, the numbers in *American Dental* reflected creative thought. The entries in the ADA's Code were originally developed by a committee comprised of representatives from interested organizations. *See American Dental Ass'n v. Delta Dental Plans Ass'n*, 1996 U.S. Dist. LEXIS 5809, No. 92-C-5909, 1996 WL 224494, at *2-3 (N.D.Ill. May 1, 1996). When new procedures were developed or other changes to the system became necessary, this committee collected written proposals submitted by state dental societies and national dental organizations. The committee then debated, edited, and voted on the proposals. *See id.* at *3. Although the ADA eventually changed this process, the new process still involved significant debate and editing of proposals by this committee. *See id.* at *4.

Assigning a number to a particular dental procedure reflects a decision about the distinctiveness and prevalence of the procedure and its relationship to the other procedures in the Code. Each number series in the Code refers to a particular category of procedures. For example, the 00100-00999 series refers to "Diagnostic" procedures, and the 02000-2999 series refers to "restorative procedures." And it appears that closely related procedures are grouped within each series. For example, the 2100 series,

which is grouped under the heading "Amalgam Restorations (including polishing)," is as follows:

> 02110 amalgam – one surface, primary
>
> 02120 amalgam – two surfaces, primary
>
> 02130 amalgam – three surfaces, primary
>
> 02131 amalgam – four or more surfaces, primary
>
> 02140 amalgam – one surface, permanent
>
> 02150 amalgam – two surfaces, permanent
>
> 02160 amalgam – three surfaces, permanent
>
> 02161 amalgam – four or more surfaces, permanent

American Dental Association, Current Dental Terminology, at 10 (1st ed. 1990-1995). Thus, assigning a particular number to a particular procedure involved at least a modicum of creativity.

The ADA's system stands in stark contrast to Southco's. As previously discussed, Southco's system is highly mechanical and leaves no room for creativity. When a new fastener is created, there is only one possible part number. Assigning a particular number to the fastener does not involve any creativity or any choice about how the fastener should be classified. Accordingly, even if we were bound by *American Dental*, we would not regard it as controlling here.

In sum, we conclude that the District Court committed an error in holding that the Southco numbers satisfied the originality requirement of the Copyright Act. We hold that Southco has no likelihood of success in its infringement action and that the entry of the preliminary

injunction in its favor was not proper. We therefore reverse the order of the District Court.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

SOUTHCO, INC.,	:	**CIVIL ACTION**
v.	:	
KANEBRIDGE CORPORATION	:	**No. 99-4337**

ORDER

AND NOW, this 15th day of November, 2001, after holding a hearing this day in which all parties had an opportunity to be heard, it appearing that:

a. On January 12, 2001, after a one day evidentiary hearing, the court enjoined defendant from infringing plaintiff's copyright by using plaintiff's "47 series" identifying numbers in its catalog.

b. On July 20, 2001, the Court of Appeals reversed. The court wrote, in part: "We hold that Southco has no likelihood of success in its infringement action and that the entry of the preliminary injunction in its favor was not proper." *Southco v. Kanebridge,* 258 F.3d 148, 156 (3d Cir. 2001). The court reasoned: "Southco's part numbers are completely devoid of originality and instead result from the mechanical application of the numbering system." *Id.* at 152.

c. Defendant moves for partial summary judgment on Count I of the complaint. Plaintiff argues that it can adduce additional facts at trial to establish its part numbers are protected by copyright. This argument ignores the plain mandate of the Court of Appeals. Plaintiff's submission does not provide evidence of additional creativity that would satisfy that court.

d. Defendant also moves for counsel fees and costs. Defendant's motion for fees is not timely: it will have an opportunity to resubmit this motion at the conclusion of this action. Defendant may petition the clerk for costs on appeal.

e. Plaintiff has moved to compel. This motion will be denied as moot because defendant agreed to provide plaintiff with all requested documents relevant to the claims in this action. Should plaintiff believe defendant has failed to comply, plaintiff may resubmit its motion after attempting in good faith to reach agreement.

It is **ORDERED** that:

1. Defendant's Motion for Partial Summary Judgment (#30 – a) is **GRANTED**. Judgment is entered for defendant and against plaintiff on Count 1 of plaintiff's complaint. Defendant's Motion for Attorney's Fees (#30 – b) is **DENIED WITHOUT PREJUDICE**.

2. The clerk shall tax costs against plaintiff on defendant's petition.

3. Plaintiff's Motion to Compel Document Production (#43) is **DENIED WITHOUT PREJUDICE AS MOOT**. Defendant shall provide plaintiff with the documents as agreed ***ON OR BEFORE NOVEMBER 29, 2001.***

4. Discovery shall be completed by ***December 31, 2001.***

5. Expert reports in accordance with Federal Rule of Civil Procedure 26(a)(2) shall be due for both parties ***on or before January 30, 2002.*** If the opposing party wishes to depose the expert, the deposition shall be taken on or

before the due date of that party's pretrial memorandum, unless earlier ordered by the court. An expert's testimony at trial shall be limited to the information provided by the due date of a party's pretrial memorandum.

6. Pretrial memoranda in accordance with Fed. R. Civ. P. 26 as amended, Local Rule 16.1(c), and the rules of this judge as stated in the Handbook of Pre-Trial and Trial Practices and Procedures of the United States District Court for the Eastern District of Pennsylvania (available from the Clerk of Court or the Philadelphia Bar Association) shall be filed as follows:

Plaintiff – on or before ***February 27, 2002.***
Defendant – on or before ***March 13, 2002.***

Plaintiff shall propose stipulated facts. Defendant shall state agreement or disagreement with each of plaintiff's proposed stipulated facts and may counter-propose stipulated facts to which plaintiff is obligated to respond prior to the final pretrial conference.

Exhibits shall be submitted to chambers with the final pretrial memoranda. In accordance with Fed. R. Civ. P. 26(a) (3), listed exhibits shall be numbered and **pre-marked** for use at trial; no exhibit shall be listed unless it is already in the possession of opposing counsel. **Only listed exhibits may be used in the party's case-in-chief** except by leave of court.

As to documents listed in accordance with Fed. R. Evid. 803(6), as amended, notice in accordance with Fed. R. Evid. 903(11) or (12) must be given no later than two weeks prior to the date the final pretrial memorandum is due.

All witnesses as to liability and damages should be listed. Only listed witnesses may testify at trial except by leave of court. Any party who intends to use deposition testimony at trial must submit deposition designations, counter-designations and objections in the final pretrial memorandum.

If it is believed that any additional discovery is necessary, it must be specifically requested, with the justification stated, in the pretrial memorandum.

Any other pretrial or trial matter requiring attention of the judge prior to trial, including but not limited to subjects for consideration at pretrial conferences listed in Fed. R. Civ. P. 16(c) (1-16), shall be specifically addressed in the final pretrial memorandum.

Any motions for summary judgment or other pretrial motions must be filed on or before the due date of the moving party's pretrial memorandum; an answer to any such motion must be filed within the time provided by the Rules of Civil Procedure. ***No reply is contemplated.*** Oral argument on any such motions will be heard at the final pretrial conference.

7. The final pretrial conference is scheduled for ***March 13, 2002*** at ***4:00 p.m.*** Trial counsel must attend. It is the responsibility of any trial counsel who cannot attend to contact the court as soon as any conflict becomes known so the court may consider rescheduling the conference. **Unless the court has otherwise granted permission, whoever attends the final pretrial conference will try the case.**

In addition to each trial counsel, a representative of each plaintiff and defendant with *full*

authority **to settle the case shall attend. In the case of defendant, both a representative of the defendant company and a representative from their insurance carrier shall attend; both shall have the requisite settlement authority. Telephone availability is not acceptable unless leave of court has been granted. Failure to comply with this order may result in SANCTIONS in accordance with the Federal Rules of Civil Procedure.**

8. This case will be placed in the jury trial pool on ***March 13, 2002***, subject to call on 48 hours notice in accordance with the standing rule of this court as published in *The Legal Intelligencer.* **On or before the date of trial, the parties shall submit points for charge and may submit proposed voir dire questions or jury interrogatories, preferably on a computer disk.**

/s/ Norma L. Shapiro
Norma L. Shapiro, S.J.

SOUTHCO, INC., Appellant v. KANEBRIDGE CORPORATION

No. 02-1243

UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

324 F.3d 190; 2003 U.S. App. LEXIS 5857; 66 U.S.P.Q.2D (BNA) 1308

December 3, 2002, Argued
March 26, 2003, Filed

COUNSEL: James C. McConnon, Esquire (Argued), Alex R. Sluzas, Esquire, Paul & Paul, Philadelphia, PA, Counsel for Appellant.

Stanley H. Cohen, Esquire, Caesar, Rivise, Bernstein Cohen & Pokotilow, Philadelphia, PA. Steven B. Pokotilow (Argued), Stroock, Stroock & Lavan, New York, NY, Counsel for Appellee.

JUDGES: Before: ROTH, SMITH, and CUDAHY,* Circuit Judges.

OPINION BY: ROTH

OPINION:

OPINION OF THE COURT

ROTH, *Circuit Judge*:

In this appeal, we must determine to what extent a District Court is bound by a ruling by this Court on a prior

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* The Honorable Richard D. Cudahy, Circuit Court Judge for the Seventh Circuit, sitting by designation.

appeal that had reversed the District Court's grant of a preliminary injunction.

The present appellant, Southco, Inc., filed a complaint alleging that Kanebridge Corp. had violated Southco's copyright and trademark, and engaged in unfair competition, by reprinting the product numbers Southco uses to describe its captive screw fasteners. Southco sought a preliminary injunction on its copyright cause of action, which the District Court granted. Kanebridge appealed and we reversed the preliminary injunction. We determined that Southco had not shown a likelihood of success on the merits because Southco's product numbers were mechanically dictated by its numbering system. On remand, the District Court granted Kanebridge's motion for summary judgment despite Southco's submission of a declaration from Robert H. Bisbing, the inventor of Southco's captive screw fasteners, who described the process by which he developed the product numbers for this new line of fasteners. The District Court held that it was bound by the prior panel's decision. Southco appealed. For the reasons stated below, we will reverse the judgment of the District Court and remand this case to it for consideration of the Bisbing declaration.

I. Facts and Procedural History

Southco manufactures a variety of fasteners, rivets, latches, handles, and screws, including captive screws.[1] In

[1] Captive screws are used to fasten panels together, as for instance in computers and telecommunications equipment. A captive screw consists of a screw, a ferrule, and a knob. The screw is mounted in one panel by means of the ferrule and the other panel contains an internally threaded insert that receives the screw. *See Southco, Inc. v.*

(Continued on following page)

order to assist its employees and customers in identifying and distinguishing among its products, Southco has developed a unique product numbering system that serves as a shorthand description of the relevant characteristics of every product and component manufactured by Southco. The product numbers are used not only in the ordering process but also in the manufacturing process to insure the precisely correct identification of each product and its components. In developing the number, Southco assigns nine-digits to each product, with each digit describing a specific physical characteristic of that product. Southco publishes these numbers in various Handbooks. Southco's numbering system has become the industry standard. As a result, Kanebridge, a distributor of competing captive screw fasteners, uses the system when taking orders from customers. To facilitate its customers' use of the numbers when ordering fasteners, Kanebridge began publishing Southco's numbers in advertisements and other publications.

On August 27, 1999, Southco filed a civil complaint in the United States District Court for the Eastern District of Pennsylvania, alleging copyright infringement in violation of 17 U.S.C. § 101 *et seq.*, trademark infringement in violation of 15 U.S.C. § 1114(1), unfair competition in violation of 15 U.S.C. § 1125(a), and common law trademark infringement and trademark dilution in violation of 54 Pa. C.S.A. § 1124. The parties agreed to a temporary restraining order. They also agreed to enter a preliminary injunction on consent but were unable to agree on the scope of the injunction. Southco then filed a motion for a

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Kanebridge Corp., 258 F.3d 148, 149 and fn. 1 (3d Cir.2001) ("*Southco I*").

preliminary injunction based on its copyright cause of action. Following a one day hearing, the District Court granted the motion and enjoined Kanebridge from infringing Southco's copyright. Kanebridge appealed. *See Southco, Inc. v. Kanebridge Corp.*, 258 F.3d 148 (3d Cir. 2001) ("*Southco I*").

The *Southco I* panel held that Southco had no likelihood of success on the merits because its product numbers failed to satisfy the originality requirement. *Id.* at 151. In reaching this conclusion, the panel distinguished between the numbering system and the actual part numbers. The panel found that, while Southco exercised creativity and choice in developing the numbering system, it did not claim that Kanebridge improperly used the numbering system and the "part numbers are completely devoid of originality and instead result from the mechanical application of the numbering system." *Id.* at 152. Consequently, the *Southco I* panel reversed the order of the District Court granting Southco's motion for a preliminary injunction. *Id.* at 156.

On remand, Kanebridge filed a motion for summary judgment to dismiss the copyright infringement cause of action. In opposition, Southco submitted a declaration from Robert H. Bisbing, who has designed numerous fasteners for Southco and assigned them product numbers. In the declaration, Bisbing discussed his invention of a new type of captive screw, the enclosed retractable captive screw, and how he assigned a product number to his invention. Bisbing stated that, according to Southco practice, each new product is assigned a nine digit number. Each Southco product has values, unique to that product, which are physical characteristics related to the product and its use. The elements of the product number

reflect certain of those values. In creating a product number, he will first decide upon the value or values to be represented in each of the four groups of the number. The groups are designated A through D. The first two digit group (A) identifies the product class; the second two digit group (B) identifies whether the product is an assembled product or a component part; the third three digit group (C) identifies variations among similar products; and the final two digit group (D) identifies different materials and finishes among similar products. The procedure is flexible to allow for variations in the needs of particular products.

Turning to the assignment of a product number for the new enclosed retractable captive screw, Bisbing stated that, when he created the new captive screw in 1971, he chose the number 47 for the product class, even though captive screws already existed in product classes 12, 17, 51 and 53. He stated that he could not use any of the existing product classes for the new captive screw because the systems of product numbers in the existing classes identified particular values and characteristics pertinent to those products that would not be useful in the new product. He therefore had to determine the values and characteristics to be reflected in Groups B, C, and D and to create the numbers for them.

Turning to Group B, Bisbing stated that he used the first digit to designate whether the part was an assembly, subassembly, or a component because, due to the large number of values that the part numbers would have to express, he would need the second digit for other values. He assigned 1 to indicate assemblies with flare-in ferrules

and 6 to indicate assemblies with press-in ferrules.[2] Bisbing decided to use the second digit in Group B to indicate how far the screw projected beyond the outer panel surface. Bisbing then assigned the first digit in Group C to indicate thread size, and the second and third digit in Group C to designate the range of panel thickness to which the ferrule was adapted.[3] Finally, for Group D, naturally finished aluminum was originally the only material or finish available. Thus, all enclosed retractable captive screws were assigned the number 10. However, Bisbing added other numbers as other finishes and materials became available. Bisbing concludes that he created these digits of the new product number "in accordance with the then existing Southco part numbering procedure," and that:

> These numbers were not dictated by any numbering system. Not only each number as a whole, but each group of digits and each digit in each number was created by me based upon the specific products which I had created and my determination of the values of those products to be represented and the digits to be used. The part number for each new part was created on the basis of my decisions.

Despite the Bisbing declaration, the District Court granted Kanebridge's motion for summary judgment, rejecting Southco's argument that this new evidence, not

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[2] Bisbing assigned several other numbers for internal manufacturing operations. Thus, 2 indicates a ferrule, 3 indicates a spring, 4 indicates a knob, and 5 indicates a screw.

[3] Only flared-in ferrules require this set of numbers. Thus, for press-in ferrules, where the first digit of group B is 6, the second and third digits of Group C are 01.

before the *Southco I* panel, established the originality of the part numbers and their protectability. At argument on the motion for summary judgment, the District Judge expressed her strong disagreement with our ruling in *Southco I*. She went on to explain, however, that she was ruling against Southco on remand because the *Southco I* panel's ruling was "a decision on a matter of law." She concluded:

> In that circumstance, it's not just the entry of the preliminary injunction is improper, but any relief to you on your copyright claim I believe would subject me to contempt by the Court of Appeals.

In the Order, granting summary judgment to Kanebridge, the court held that Southco's "argument ignores the plain mandate of the Court of Appeals. Plaintiff's submission does not provide evidence of additional creativity that would satisfy that court." The District Court entered final judgment on December 27, 2001.[4] Plaintiff timely appealed.

II. Jurisdiction and Standard of Review

The District Court had jurisdiction over this matter pursuant to 28 U.S.C. § 1331, as it constitutes a civil action arising under the laws of the United States. We have jurisdiction pursuant to 28 U.S.C. § 1291.

We exercise plenary review over a grant of summary judgment. *Chisolm v. McManimon*, 275 F.3d 315, 321 (3d

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[4] The non-copyright claims were dismissed by stipulation of the parties.

Cir. 2001). Summary judgment is appropriate if there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c); *Anderson v. Liberty Lobby Inc.*, 477 U.S. 242, 250, 91 L. Ed. 2d 202, 106 S. Ct. 2505 (1986).

III. Discussion

We conclude that the District Court erred when it concluded that the *Southco I* panel's decision precluded the District Court from considering the Bisbing declaration. Under the law of the case doctrine, "one panel of an appellate court generally will not reconsider questions that another panel has decided on a prior appeal in the same case. The doctrine is designed to protect traditional ideals such as finality, judicial economy and jurisprudential integrity." *In re City of Philadelphia Litig.*, 158 F.3d 711, 717-18 (3d Cir. 1998). The law of the case doctrine precludes review of only those legal issues that the prior panel actually decided, either expressly or by implication, so it does not apply to dictum. *See id.* at 718. Further, the doctrine does not restrict a court's power, but rather governs its exercise of discretion. *See id.* Therefore, the doctrine does not preclude reconsideration of previously decided issues in "extraordinary circumstances," such as where (1) new evidence is available; (2) a supervening new law has been announced; or (3) the earlier decision was clearly erroneous and would create manifest injustice. *Id.*

However, "while the law of the case doctrine bars courts from reconsidering matters actually decided, it does not prohibit courts from revisiting matters that are avowedly preliminary or tentative." *Council of Alternative Political Parties v. Hooks*, 179 F.3d 64, 69 (3d Cir. 1999)

(quotation omitted). Preliminary injunctions are, by their nature, tentative and impermanent. *See R.R. Yardmasters of Am. v. Pennsylvania R.R. Co.*, 224 F.2d 226, 229 (3d Cir. 1955). As the Supreme Court notes:

> The purpose of a preliminary injunction is merely to preserve the relative positions of the parties until a trial on the merits can be held. Given this limited purpose, and given the haste that is often necessary if those positions are to be preserved, a preliminary injunction is customarily granted on the basis of procedures that are less formal and evidence that is less complete than in a trial on the merits. A party thus is not required to prove his case in full at a preliminary-injunction hearing, and the findings of fact and conclusions of law made by a court granting a preliminary injunction are not binding at trial on the merits.

Univ. of Texas v. Camenisch, 451 U.S. 390, 395, 68 L. Ed. 2d 175, 101 S. Ct. 1830 (1981) (citation omitted).

In this case, because the only issue before the panel in *Southco I* was whether Southco was entitled to a preliminary injunction, the District Court erred in concluding that it was bound by *Southco I* to grant Kanebridge's motion for summary judgment. While the *Southco I* panel reviewed the likelihood of success on the merits of the "originality" claim, the panel did not address the distinct issue of whether Southco is actually entitled to succeed on the merits of the claim. In both *Council of Alternative Political Parties* and *ACLU of New Jersey v. Black Horse Pike Regional Board of Education*, 84 F.3d 1471, 1477 (3d Cir. 1996) (en banc), a District Court denied a preliminary injunction, and we reversed, ordering that the District Court enter a preliminary injunction. As in the present

case, the District Court in both *Council of Alternative Political Parties* and *ACLU of New Jersey* entered summary judgment on the merits on remand, finding that it was bound by our decision on preliminary relief. However, as we stated in *ACLU of New Jersey*:

> The district court erred in concluding that it was so bound. The [prior] panel assessed the merits . . . under the standard for the granting of a *preliminary* injunction – a standard which differs from the standard for granting a permanent injunction. Its decision to grant a preliminary injunction was based on an assessment of the *likelihood* that plaintiffs would succeed on the merits, and neither constitutes nor substitutes for an actual finding that plaintiffs *have* succeeded on the merits and are entitled to permanent relief.

84 F.3d at 1477. That the first appellate panels in *Council of Alternative Political Parties* and *ACLU of New Jersey* found a likelihood of success on the merits, while the first panel in this case found no likelihood of success on the merits, does not alter this conclusion. In both cases, the first panel was dealing in probabilities of success and was not addressing the ultimate issue of whether the claim has merit.

The argument that an appellate decision regarding preliminary relief does not compel summary judgment on the merits is stronger in the present case than it was in *ACLU of New Jersey*. In *ACLU of New Jersey*, after we ordered the District Court to issue a preliminary injunction, the District Court entered a preliminary and a permanent injunction, finding that "[a]dditional hearings or new evidence might have put a different cast on the

issues, but as the record has not been augmented since the motion for a preliminary injunction, we feel constrained to enter a final judgment in accordance with the Third Circuit's order. . . . " 84 F.3d at 1476. On the other hand, in the present case, Southco augmented the record on remand with additional evidence, namely the Bisbing declaration. This declaration raises a genuine issue of material fact that assigning product numbers to the enclosed retractable captive screw involved creativity and choice about how the fastener should be characterized, and thus that the product numbers are not mechanically derived from the numbering system. *See Southco I,* 258 F.3d at 156.

The District Court on remand concluded that it could not consider the Bisbing declaration because it was the same as the evidence that was before the *Southco I* panel, namely the testimony of Tom Demrick, the Southco Business Manager for Captive Hardward. However, the Bisbing declaration differs from Demrick's testimony because Demrick focused on how people *use* the product numbers to describe physical characteristics of a fastener, while Bisbing's declaration described how Southco inventors *created* the product numbers to represent what the inventor considered to be the important physical values and characteristics of a new product. The only testimony from Demrick regarding the creation of the numbers for a particular product was as follows:

> Q. Now, when a new Captive screw is created by Southco, is it assigned an arbitrary, random part number?
>
> A. No, not at all. The – the scheme – this coding scheme is utilized and, possibly, expanded, but

> the same basic system is applied to new products.

This description is a far cry from Bisbing's detailed description of how he assigned a product number to the enclosed retractable captive fastener. Unlike Bisbing, Demrick does not explain how the system is applied to a new product, how it may be expanded, or how much choice an author has in developing product numbers.

The District Court also concluded that it could not consider the Bisbing declaration because it related to the creation of the numbering system rather than to the development of product numbers. The District Court considered that the *Southco I* panel came to a legal conclusion when it determined that Southco exercised no originality in developing the product numbers. For that reason, it determined that additional facts would not alter the outcome. However, the *Southco I* panel's conclusion regarding originality involved, at least in part, factual determinations regarding the process by which Southco developed numbers. The Bisbing declaration suggests that the panel's conclusions regarding the relationship between the numbering system and the product numbers has no basis in fact. Based on the limited evidence at the preliminary injunction phase, which focuses on the *use* of the product numbers, the *Southco I* panel concluded that the product numbers are mechanically dictated by a preexisting numbering system. The *Southco I* panel explained:

> Under [the numbering] system, there is simply no room for creativity when assigning a number to a new panel fastener. The part has certain relevant characteristics, and the numbering system specifies certain numbers for each of those characteristics. As a result, there is only one

> possible part number for any new panel fastener that Southco creates. This number results from the mechanical application of the system, not creative thought. If Southco were to develop a new fastener and for some reason decide to exercise creativity when assigning it a number, the resulting part number would fail to accomplish its purpose. Regardless of how small the change is, customers could not effectively identify the relevant characteristics of the panel fastener by simply looking at its part number.

258 F.3d at 153.

The new evidence that Southco has submitted at the merits phase, however, calls into doubt the *Southco I* panel's factual conclusions about the process by which Southco assigns numbers to new fasteners. Bisbing's declaration does not indicate that the inventor of a new fastener determined the physical characteristics of the new fasteners and then consulted Southco's numbering system to mechanically assign a product number that described those physical characteristics. To the contrary, the Bisbing declaration states that Bisbing exercised creativity and choice in determining the values to be reflected in the numbers. Therefore, this case will be remanded to the District Court for consideration of the Bisbing declaration.

In conclusion, we note that the *Southco I* panel considered the ruling by the Seventh Circuit Court of Appeals in *American Dental Association v. Delta Dental Plans Association,* 126 F.3d 977 (7th Cir. 1997), to be distinguishable from the present case. The relevance of the holding in *American Dental* has to be reexamined in light of the factual findings of the District Court on remand. On

remand, the District Court is entitled to reconsider that relevance in light of the facts presented to it. For example, the court might determine, in light of the Bisbing declaration, that choosing the values and characteristics to incorporate into a product number involves at least a modicum of creativity. If so, it would then be helpful for the District Court to consider the reasoning in *American Dental*.

IV. Conclusion

For the reasons stated above, the judgment of the District Court will be reversed, and the case will be remanded to the District Court for further proceedings consistent with this opinion, including consideration of the Bisbing declaration.

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

December 15, 2004

Docket No. 02-1243

SOUTHCO, INC., Appellant

v.

KANEBRIDGE CORPORATION
(Eastern District of Pennsylvania Civil No. 99-cv-04337)

Present: ALITO, *Circuit Judge*

1. Appellant's Motion for Access to Cited Authority.
2. Appellant's Request for Ruling on Motion for Access to Cited Authority

/s/ Dana Moore
Dana Moore Case Manager
(267) 299-4927

Response Due 2/15/05.

ORDER

The relevant pages are available for inspection in the clerk's office.

By the Court,

/s/ Samuel A. Alito, Jr.
Circuit Judge

Dated: April 11, 2005
DMM/cc: JM ARS
SHC SBP
MSD

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

02-1243

SOUTHCO, INC.,

Appellant

v.

KANEBRIDGE CORPORATION

SUR PETITION FOR REHEARING

Present: SCIRICA, *Chief Judge,* SLOVITER, NYGAARD, ALITO, ROTH, McKEE, RENDELL, BARRY, AMBRO, FUENTES, SMITH, and, CHERTOFF, *Circuit Judges,* and BECKER, *Senior Circuit Judge**

The petition for rehearing filed by appellant in the above entitled case having been submitted to the judges who participated in the decision of this court and to all the other available circuit judges of the circuit in regular active service, and no judge who concurred in the decision having asked for rehearing, and a majority of the circuit judges of the circuit in regular active service not having

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* As to panel rehearing only.

voted for rehearing by the court en banc, the petition for rehearing is denied.

By the Court,

/s/ Samuel A. Alito, Jr.
Circuit Judge

DATED: January 31, 2005
DMM/cc: James C. McConnon, Esq.
Alex R. Sluzas, Esq.
Stanley H. Cohen, Esq.
Steven B. Pokotilow, Esq.
Mark S. Davies, Esq.

MITEL, INC., a Delaware corporation, Plaintiff-Appellant, v. IQTEL, INC., a Colorado corporation, Defendant-Appellee.

No. 95-1394

UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

124 F.3d 1366; 1997 U.S. App. LEXIS 25763; 44 U.S.P.Q.2D (BNA) 1172; Copy. L. Rep. (CCH) P27,685; 1997 Colo. J. C.A.R. 2049

September 22, 1997, Filed

COUNSEL: Eric C. Cohen, Welsh & Katz, Chicago, Illinois (Robert B. Breisblatt and Joseph R. Marcus, Welsh & Katz, Chicago, Illinois, and Carole K. Jeffery, Davis, Graham & Stubbs, Denver, Colorado, with him on the briefs), for Plaintiff-Appellant.

Dennis A. Graham (Robert R. Marshall, Jr., Harold R. Bruno, III, M. Gabriel McFarland, with him on the briefs), Hopper and Kanouff, Denver, Colorado, appearing for Defendant-Appellee.

JUDGES: Before TACHA, GODBOLD,* and HOLLOWAY, Circuit Judges.

OPINION BY: TACHA

OPINION: TACHA, Circuit Judge.

INTRODUCTION

Plaintiff Mitel, Inc. ("Mitel") appeals the denial of its motion for a preliminary injunction in this action for

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* The Honorable John C. Godbold, Senior Circuit Judge, United States Court of Appeals for the Eleventh Circuit, sitting by designation.

copyright infringement. 17 U.S.C. § 502(a). At issue is the protectability of a set of four-digit numeric instructions known as "command codes." Mitel created these command codes to access the features of a piece of telecommunications hardware known as a call controller.

Mitel contends that the district court erred in denying its motion for a preliminary injunction based upon the court's conclusion that Mitel failed to demonstrate a substantial likelihood that it will prevail on the merits of its claim. *See Mitel, Inc. v. Iqtel, Inc.*, 896 F.Supp. 1050, 1054 (D. Colo. 1995). Specifically, Mitel argues that the district court erred by concluding that (1) Mitel's command codes are unprotectable under 17 U.S.C. § 102(b) because they are a "procedure process, system, [or] method of operation"; (2) Mitel's command codes are unprotectable under the scenes a faire doctrine; and (3) Iqtel's use of the command codes is a fair use under the Copyright Act, 17 U.S.C. § 107. We exercise jurisdiction pursuant to 28 U.S.C. § 1292(a)(1) and affirm.

BACKGROUND

Mitel and Iqtel manufacture competing call controllers. A call controller is a piece of computer hardware that enhances the utility of a telephone system by automating the selection of a particular long distance carrier and activating optional features such as speed dialing. Typically, a long distance carrier purchases a call controller from a manufacturer like Mitel or Iqtel and installs it on the premises of its business customer to automate that customer's access to the carrier's long distance service.

I. Mitel's Call Controller and Command Codes

Mitel began manufacturing the Smart-1 call controller for sale in 1985. In order to activate and manipulate the features of its call controller, Mitel devised an instruction set of over sixty four-digit numeric command codes. Mitel published and copyrighted manuals describing how to program its call controller by using these command codes.

A technician activates features of a call controller by dialing the four-digit command code for a particular controller function on a touch-tone telephone or a computer keyboard connected to the call controller. The numeric value of each digit of a command code is generally limited to the keys on a telephone keypad, *i.e.*, 0-9, *, and #.[1]

Each command code may be broken down into separate parts, the names and particular definitions of which are important to our analysis. The first three digits of a command code are known together as the "register." For most of Mitel's codes, two digits of each three-digit register arbitrarily identify the particular function selected. A third digit may identify the particular telephone line to be accessed or the preprogrammed "route" that a call will take through the public telephone network to its destination. Mitel numbers telephone lines and routes sequentially. For example, the register "X27" identifies the function "Time to Auto Answer." By activating this function a technician may specify the period of time the controller waits before answering an incoming call after it

[1] A very limited number of functions also permit the entry of a letter (*e.g.*, C, D, E, or F) to set a function at a particular level of operation. Such entry, however, may only be accomplished by utilizing a computer keyboard and not a telephone keypad.

detects ringing. The "X" indicates the number of the telephone line for which the feature will be activated, 1-4 or 5 for all lines. Were a technician to enter 427, the controller would understand that the technician wished to set the period of time to wait before answering calls ringing on line four.

Mitel's other registers identify features that do not apply to particular lines or routes. The functions accessed by this latter group are identified by a leading "0" followed by two arbitrary digits that represent the function to be accessed. For example, 006 stands for "RS-232 Baud Rate." Were a technician to enter 006, the controller would understand that the technician wished to set the speed at which the controller was to communicate with other pieces of computer equipment, a printer for example.

The first digit of a register that is not a line number or a route number often represents a particular group of similar functions, *e.g.*, a first digit of "9" indicates a group of special programming functions. Mitel admits that it arbitrarily selected the particular digit that represents each group of functions.

The final digit of Mitel's command codes is known as the "description." The description is a number or symbol (usually 0 through 9, *, or #) that represents a particular setting within each function. The various possible settings for each controller function are referred to as "values." Thus, for each function, a "value" is assigned to each digit in the range of possible "descriptions." For example, the possible descriptions and accompanying values for the function 006 (RS-232 Baud Rate) described above are:

Description	Value	
1	110	baud
2	300	baud
3	600	baud
4	1200	baud
5	2400	baud
6	4800	baud
7	9600	baud

Therefore, in order to set the RS-232 Baud Rate at 4800 baud, a technician would press the digits 0066 into a touch-tone telephone keypad. The combination of values and descriptions vary in nature and degree from function to function. Thus, the description "4" stands for the value of "1200 baud" for function 006, but stands for the value of "40 seconds" for the X27 (Time to Auto-Answer) function.

III. Iqtel's Call Controller, Command Codes, and Copying

Iqtel began manufacturing the IQ200+ call controller for sale in 1994. Iqtel devised an instruction set of command codes to activate the features of its call controller. Although the Iqtel and Mitel call controllers provide many of the same features, to identify features of its controller, Iqtel selected "registers" that were different from Mitel's "registers." Iqtel used identical "descriptions" and "values" where the functions of the IQ200+ were the same as Mitel's Smart-1 controller.

Because Mitel controlled a large share of the call controller market, Iqtel concluded that it could compete with Mitel only if its IQ200+ controller were compatible with Mitel's controller. Iqtel reasoned that technicians who

install call controllers would be unwilling to learn Iqtel's new set of instructions in addition to the Mitel command code set, and the technicians' employers would be unwilling to bear the cost of additional training. In addition to its own set of command codes, therefore, Iqtel designed the IQ200+ controller to accept Mitel command codes.

In order to produce a call controller compatible with Mitel's controller, Iqtel copied Mitel's command codes in three important respects. First, Iqtel programmed the IQ200+ to accept Mitel command codes and translate them to the corresponding Iqtel command code. Iqtel named this feature the "Mitel Translation Mode." Second, Iqtel facilitated technicians' use of this mode by publishing an appendix to its manual that listed and cross-referenced Mitel and Iqtel command codes. Third, in its own command codes, Iqtel copied Mitel's "values" and the "descriptions" assigned to them for the call controllers' common functions.[2]

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[2] For example, Mitel's register for RS-232 Baud Rate is "006." Iqtel's register for RS-232 Baud Rate is "022." However both Mitel and Iqtel selected the same descriptions and values for this function, namely:

1 for 110 baud
2 for 300 baud
3 for 600 baud
4 for 1200 baud
5 for 2400 baud
6 for 4800 baud
7 for 9600 baud

Iqtel's IQ200+ proved to be highly competitive with Mitel's Smart-1 call controller. Mitel commenced this copyright infringement action on April 25, 1995. Mitel sought a preliminary injunction and the court heard three days of evidence on the matter. On August 23, 1995, the district court issued its decision denying Mitel's motion for a preliminary injunction because Mitel failed to demonstrate a substantial likelihood that it will prevail on the merits of its claim. *Mitel, Inc.*, 896 F.Supp. 1050.

Resting its decision on several grounds, the court found that Mitel's command codes are not copyrightable subject matter because they constitute a method of operation under 17 U.S.C. § 102(b), they are unoriginal under 17 U.S.C. § 102(a), and they are dictated by external factors and unprotectable under the scenes a faire doctrine. *Id.* at 1054-56. In addition, the court concluded that if the command codes were protectable, Iqtel's copying was a fair use of Mitel's codes. *Id.* at 1056. Mitel now appeals these determinations.

DISCUSSION

A plaintiff seeking a preliminary injunction must establish that (1) it has a substantial likelihood of prevailing on the merits, (2) it will suffer irreparable injury unless the injunction issues, (3) its threatened injury outweighs the injury caused the defendant by the injunction, and (4) an injunction would not be adverse to the public interest. *Country Kids 'N City Slicks, Inc. v. Sheen*, 77 F.3d 1280, 1283 (10th Cir. 1996). We review the denial of a preliminary injunction to determine whether the district court " 'abused its discretion, committed an error of law, or was clearly erroneous in its preliminary factual

findings.'" *Country Kids*, 77 F.3d at 1283 (quoting *Autoskill Inc. v. National Educational Support Systems, Inc.*, 994 F.2d 1476, 1487 (10th Cir. 1993)) (alterations in original).

In order to establish copyright infringement plaintiff must prove (1) that it owns a valid copyright, and (2) that the defendant copied protectable elements of the copyrighted work. *Feist Publications Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991); *Country Kids*, 77 F.3d at 1284. As to the first element, Iqtel does not appeal the district court's determination that Mitel owns a valid copyright in the disputed work.

The second element requires us to consider two distinct issues. First we must determine whether, as a factual matter, the defendant copied[3] plaintiff's work. *Country Kids*, 77 F.3d at 1284. Second, as a mixed question of law and fact, we must evaluate whether the elements copied by the defendant are protected by copyright. *Id.* As to the first issue, Iqtel admits that it copied virtually the entire set of Mitel command codes when it created its command set and the Mitel Translation Mode for the IQ200+ call controller. In addition, Iqtel undisputedly

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[3] We use copying as a general term which includes infringement of any of a copyright holder's rights as set forth in 17 U.S.C. § 106. In pertinent part, section 106 provides:

> Subject to sections 107 through 120, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following: (1) to reproduce the copyrighted work in copies . . . ; (2) to prepare derivative works based upon the copyrighted work; (3) to distribute copies . . . of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending. . . .

published the codes as part of the Mitel-to-Iqtel code translation tables in IQ200+ installation manuals.

Thus, the appeal before us requires us to evaluate whether Mitel is substantially likely to prove that the command codes copied by Iqtel are protected by copyright. If we conclude that the codes are protectable expression, we must then consider whether Iqtel's copying constitutes a fair use of the command codes under 17 U.S.C. § 107. Before analyzing whether the command codes are protectable, however, we must address the appropriate framework for our analysis.

I. The Analytical Framework

"Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression . . . from which they can be perceived, reproduced, or otherwise communicated." 17 U.S.C. § 102(a). Section 102(b) limits the scope of copyright protection by providing that "[i]n no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, [or] method of operation . . . regardless of the form in which it is described, explained, illustrated, or embodied." 17 U.S.C. § 102(b).

Section 102(b) codifies one of copyright law's fundamental distinctions – copyright protection extends to an "author's original expression and not to the ideas embodied in that expression." *Gates Rubber Co. v. Bando Chem. Indus., Ltd.*, 9 F.3d 823, 836 (10th Cir. 1993). Thus, when considering whether a defendant copied protectable elements of a copyrighted work, we must determine whether or to what extent the copied portions constitute ideas, processes, systems, or methods of operation, on one

hand, or protectable expression, on the other. The district court relied alternatively on two means of separating Mitel's idea from expression: a literal application of § 102(b) and the abstraction-filtration-comparison test.

In recent opinions this court has relied increasingly upon the conceptual framework known as abstraction-filtration-comparison to aid in separating idea from expression and identifying protectable expression. We utilize this approach as follows:

> First, in order to provide a framework for analysis, . . . a court should dissect the [work] according to its varying levels of generality as provided in the abstractions test.[4] Second, poised with this framework, the court should examine each level of abstraction in order to filter out those elements of the [work] which are unprotectable. Filtration should eliminate from comparison the unprotectable elements of ideas, processes, facts, public domain information, merger material,

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[4] The abstractions test is a conceptual tool that helps the court separate idea from expression. Judge Learned Hand first enunciated the approach in *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930):

> Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his 'ideas,' to which, apart from their expression, his property is never extended.

The test does not identify protectable expression, "[r]ather it is merely one tool that can be utilized to accomplish this task." *Gates*, 9 F.3d at 834.

> scenes a faire material, and other unprotectable elements suggested by the particular facts of the program under examination. Third, the court should then compare the remaining protectable elements with the allegedly infringing [work] to determine whether the defendants have misappropriated substantial elements of the plaintiff's [work].

Gates, 9 F.3d at 834 (footnote added). Although abstraction-filtration-comparison analysis is particularly useful in cases involving copyright in computer programs, we recently noted that the approach merits application in cases that extend well beyond that narrow context. *Country Kids*, 77 F.3d at 1284 n.5.

As its initial basis for finding Mitel's command codes unprotectable, the district court applied the literal language of section 102(b) and concluded that Mitel's set of command codes is an unprotected method of operation or "a method for achieving a particular result." *Gates Rubber*, 9 F.3d at 836 n.13. The court based its conclusion upon the finding that Mitel's command codes comprise the method by which a long distance carrier matches the call controller's functions, the carrier's technical demands, and the telephone customer's choices.

The First Circuit reached a similar conclusion in *Lotus Development Corp. v. Borland Int'l, Inc.*, 49 F.3d 807 (1st Cir. 1995), aff'd without opinion by an evenly divided *Court*, 116 S. Ct. 804 (1996).[5] *Lotus* concerned whether the commands and the menu trees in which the commands

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[5] Although not cited by the district court, the court discussed the applicability of *Lotus* with the parties at oral argument.

were organized in the spreadsheet program Lotus 1-2-3 constituted copyrightable subject matter. *Id.* at 809. The *Lotus* court defined "method of operation":

> We think that "method of operation" as that term is used in § 102(b) refers to the means by which a person operates something, whether it be a car, a food processor, or a computer.

Lotus, 49 F.3d at 815.

Based upon this definition, the First Circuit concluded that the "menu command hierarchy" was not protected by copyright because the hierarchy and its components constituted a "method of operation" unprotectable under 17 U.S.C. § 102(b). *Id.* The *Lotus* court concluded that the question whether a work is excluded from protection under section 102(b) logically precedes consideration of whether the individual components of the work are "expressive." *Id.* Most significantly, the *Lotus* court held that otherwise protectable expression that is embodied in a method of operation is excluded under section 102(b) from copyright protection because it is part of the method of operation:

> Under the district court's reasoning, Lotus's decision to employ hierarchically arranged command terms to operate its program could not foreclose its competitors from also employing hierarchically arranged command terms to operate their programs, but it did foreclose them from employing the specific command terms and arrangement that Lotus had used. In effect, the district court limited Lotus 1-2-3's "method of operation" to an abstraction.
>
> We . . . hold that [the] expression [in Lotus's expressive choices in choosing and arranging

> command terms] is not copyrightable because it is part of Lotus 1-2-3's "method of operation." We do not think that "methods of operation" are limited to abstractions; rather, they are the means by which a user operates something. If specific words are essential to operating something, then they are part of a "method of operation" and, as such, are unprotectable.

Lotus, 49 F.3d at 816.

We conclude that although an element of a work may be characterized as a method of operation, that element may nevertheless contain expression that is eligible for copyright protection. Section 102(b) does not extinguish the protection accorded a particular expression of an idea merely because that expression is embodied in a method of operation at a higher level of abstraction. Rather, sections 102(a) & (b) interact to secure ideas for public domain and to set apart an author's particular expression for further scrutiny to ensure that copyright protection will "promote the . . . useful Arts." U.S. Const. art. I, § 8, cl. 8. Our abstraction-filtration-comparison approach is directed to achieving this balance. Thus, we decline to adopt the *Lotus* court's approach to section 102(b), and continue to adhere to our abstraction-filtration-comparison approach. *See Gates Rubber*, 9 F.3d at 843 (noting the applicability of abstraction-filtration-comparison to "menus and sorting criteria"); *Autoskill*, 994 F.2d at 1493, 1495 n.23 (stating that "more than literal application of § 102(b) is required") (citing *Toro Co. v. R & R Prods. Co.*, 787 F.2d 1208, 1211-12 (8th Cir. 1986)).

We are mindful of the concern expressed by the *Lotus* court that, by its very nature, the abstraction-filtration-comparison approach tends to produce a core

of copyrightable protectable expression that, if literally copied, would make the copier liable for infringement. *Lotus*, 49 F.3d at 815. Undoubtedly, the portions of a work to which a court applies abstraction analysis frequently contain a level of abstraction which reveals expression that does not fall within the excluded categories of section 102(b). Although this core of expression is eligible for copyright protection, it is subject to the rigors of filtration analysis which excludes from protection expression that is in the public domain, otherwise unoriginal, or subject to the doctrines of merger and scenes a faire.

Notwithstanding our endorsement of abstraction-filtration-comparison analysis, we emphasize that the approach is valuable only insofar as it aids the court in distinguishing protectable elements of a work from those that are unprotectable. Not every case requires an extensive abstraction-filtration-comparison analysis. Rather, "the appropriate test to be applied and the order in which its various components are to be applied . . . may vary depending upon the claims involved, the procedural posture of the suit, and the nature of the [works] at issue." *Gates Rubber Co.*, 9 F.3d at 834 n.12.

Where, as here, the alleged infringement constitutes the admitted literal copying of a discrete, easily-conceptualized portion of a work, we need not perform complete abstraction-filtration-comparison analysis. Mitel does not claim copyright in the names of the functions that are accessed by its command codes or in the idea of using four-digit numeric codes to manipulate the functions of a call controller. Rather, Mitel contends that copyright protection extends only to its selection of particular four-digit numbers that activate and manipulate the functions of the Smart-1 call controller and to the particular "values"

assigned to the "description" digit of Mitel's codes. Thus, we may proceed directly to the protectability analysis that is normally subsumed in the filtration portion of the abstraction-filtration-comparison approach.

II. Protectability Analysis

The district court concluded that Mitel's command codes contain no protectable expression because the expression in the command codes lacks requisite originality and is not entitled to protection against infringement under the scenes a faire doctrine. We agree with the district court that Mitel's command codes are largely unoriginal. Further, to the extent that the codes contain original expression, that expression is excluded from protection under the scenes a faire doctrine.

A. Originality

Copyright inheres only in original works of authorship. 17 U.S.C. § 102(a); *Feist Publications*, 499 U.S. at 345; *Gates Rubber*, 9 F.3d at 837. "Original, as the term is used in copyright, means only that the work was independently created by the author . . . and that it possesses at least some minimal degree of creativity." *Feist Publications*, 499 U.S. at 345. Although originality is not a "stringent" requirement, "there remains a narrow category of works in which the creative spark is utterly lacking or so trivial as to be virtually non-existent." *Id.* at 359.

Even though the district court discussed originality under section 102(a) and method of operation under section 102(b) together, the court clearly found that Mitel's command codes lack originality. The district court stated

that "the numbers constituting the command codes were arbitrarily chosen and arbitrarily assigned to each function." *Mitel*, 896 F. Supp. at 1055. Relying on *Toro Co. v. R & R Prods. Co.*, 787 F.2d 1208, the court concluded that such arbitrariness was insufficient to sustain a finding of originality.

In *Toro* the Eighth Circuit rejected the copyrightability of a lawn tractor manufacturer's numbering of replacement parts because the numbers were insufficiently original. *Id.* at 1213. When the manufacturer created each part, it assigned the part an arbitrary identifying number. *Id.* The court held that the arbitrary assignment of numbers to parts lacked any creativity or variation by which one could distinguish authorship. *Id.* Like the *Toro* court, the district court in this case concluded that Mitel used such minimal effort and judgment to select the "registers" and "descriptions" that they are unoriginal under section 102(a). We agree.

Mitel's arbitrary selection of a combination of three or four numbers required de minimis creative effort. Mitel's own witnesses testified to the arbitrariness of the command codes.[6] Scott Harper, a Mitel marketer who selected

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[6] According to Mitel, its witnesses used the word "arbitrary" to mean that the command codes could have been written in a variety of different ways, not only the way that was chosen by Mitel's engineers. Thus, Mitel contends that the expression contained in its command codes is not subject to application of the merger doctrine. Under that doctrine, copyrightable expression is denied protection from infringement because the expression "is inseparable from or merged with the ideas, processes, or discoveries underlying the expression." *Gates Rubber*, 9 F.3d at 838 (citing *Concrete Mach. Co. v. Classic Lawn Ornaments, Inc.*, 843 F.2d 600, 606-07 (1st Cir. 1988)); *see Hart v. Dan Chase Taxidermy Supply Co.*, 86 F.3d 320, 322 (2d Cir. 1996) (merger of idea and expression properly considered in the context of infringement

(Continued on following page)

some of the "registers" and "descriptions," testified that he selected the numbers arbitrarily, without any attempt to place his mark on them. App't App., Vol III at 807. Similarly, John Zabel, a Mitel software design engineer, testified that Mitel's command codes are arbitrary and largely sequential. *Id.* at 756. Finally, plaintiff's own expert testified that Mitel's registers were arbitrary and "real close to random," and that there is no evidence of anyone trying to "put their mark" on the codes. *Id.* at 771, 772. In addition, the record contains no evidence that particular digits of the "register" representing logical groups of functions were selected in a non-arbitrary manner. We agree with the district court that "'the random and arbitrary use of numbers in the public domain does not evince enough originality to distinguish authorship.'" Order at 9 (quoting *Toro*, 787 F.2d at 1213).

Further, purely sequential elements of the codes are not original under section 102(a). The "descriptions" are strictly sequential and matched with increasing incremental "values." The concept of numbering registers and descriptions in ascending sequence is analogous to arranging telephone entries in alphabetical order. *See Feist*, 499 U.S. at 362-63. Both of these arrangements are obvious and insufficiently creative to constitute original expression under section 102. *Id.* Thus, Mitel's arbitrary assignment of particular numbers to particular functions and its sequential ordering in registers and descriptions "lack[]

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rather than copyrightability). Mitel fails to recognize that originality is an independent requirement that is not satisfied merely because the merger doctrine is inapplicable. The district court did not apply the merger doctrine to deny Mitel's command codes protection from infringement, and we do not rely on that doctrine to reach today's holding.

the modicum of creativity necessary to transform mere selection into copyrightable expression." *Id.* at 362.

We must also consider the originality of the remaining component of Mitel's command codes – the content of the "values" created by Mitel and assigned to its "descriptions." Mitel devised the "values" to set each function at a particular level of operation. For example, the possible "values" or settings for the function 006 (RS-232 Baud Rate) described above are 110 baud, 300 baud, 600 baud, 1200 baud, 2400 baud, 4800 baud, and 9600 baud. As another example, upon the failure of a call sent over a particular telephone network route, the technician can activate the "R58" function which tells the controller how to respond to the failure. The possible values for the function include several combinations of redialing over another route or reattempting the call over the same route again before trying another route.

Unlike the merely arbitrary or sequential registers and descriptions discussed above, Mitel's values reveal "'the existence of . . . intellectual production, of thought, and conception.'" *Feist Publications*, 499 U.S. at 362 (quoting *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 59-60, 28 L. Ed. 349, 4 S. Ct. 279 (1884)) (omission in original). We find that the effort required of Mitel's employees to devise appropriate values for the wide variety of individual functions reflects at least the "'minimal degree of creativity'" to qualify as an "original" work of authorship. *Autoskill*, 994 F.2d at 1495 n.23 (quoting *Feist Publications*, 499 U.S. at 345)). Thus, we must further evaluate whether the expression found in Mitel's values is protected from infringement or excluded from protection by the scenes a faire doctrine.

2. Scenes a Faire

The district court concluded that Mitel's command codes should be denied copyright protection under the scenes a faire doctrine because they are largely dictated by external factors such as hardware compatibility requirements and industry practices. Under the scenes a faire doctrine, expressive elements of a work of authorship are not entitled to protection against infringement if they are standard, stock, or common to a topic, or if they necessarily follow from a common theme or setting. *Gates Rubber*, 9 F.3d at 838; *Autoskill*, 994 F.2d at 1494.

Granting copyright protection to the necessary incidents of an idea would effectively afford a monopoly to the first programmer to express those ideas. Furthermore, where a particular expression is common to the treatment of a particular idea, process, or discovery, it is lacking in the originality that is the sine qua non for copyright protection.

Gates Rubber, 9 F.3d at 838. For example, "foot chases and the morale problems of policemen, not to mention the familiar figure of the Irish cop, are venerable and often-recurring themes of police fiction," and are unprotectable scenes a faire. *Walker v. Time Life Films, Inc.*, 784 F.2d 44, 50 (2d Cir. 1986).

We have extended this traditional copyright doctrine to exclude from protection against infringement those elements of a work that necessarily result from external factors inherent in the subject matter of the work. For computer-related applications, these external factors include hardware standards and mechanical specifications, software standards and compatibility requirements, computer manufacturer design standards, industry programming practices, and

practices and demands of the industry being serviced. *See Gates Rubber*, 9 F.3d at 838; *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693, 709-10 (2d Cir. 1992); *Plains Cotton Coop. Assoc. v. Goodpasture Serv., Inc.*, 807 F.2d 1256, 1262 (5th Cir. 1987) (declining to extend protection to a computer program where the similarities between the plaintiff's and defendant's programs were dictated by "the externalities of the cotton market" and by other "market factors"); *see also* 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.03[F][3], at 13-130-141 (1997) [hereinafter NIMMER]. Because these factors concern functional aspects of a work, the scenes a faire doctrine plays a particularly important role in ensuring that copyright rewards and stimulates artistic creativity in a utilitarian work "in a manner that permits the free use and development of non-protectable ideas and processes" that make the work useful. *Computer Assocs.*, 982 F.2d at 711.

In its discussion of scenes a faire, the district court properly focused on the factual circumstances surrounding Mitel's selection of registers, descriptions, and values. A portion of its analysis, however, discussed whether external factors such as market forces and efficiency considerations justified *Iqtel's* copying of the command codes. The court's analytical focus should have remained upon the external factors that dictated *Mitel's* selection of registers, descriptions, and values. By excluding expression dictated by external factors from protection against infringement, copyright law secures for public use the "necessary incidents" of ideas and processes and strikes the appropriate " 'balance between competition and protection.' " *Computer Assocs.*, 982 F.2d at 711 (quoting *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1253 (3d Cir.

1983)). Thus, the scenes a faire doctrine identifies and excludes from protection against infringement expression whose creation "flow[ed] naturally from considerations external to the author's creativity." *NIMMER* § 13.03[F][3], at 13-131.

Nonetheless, in this case the district court correctly found that much of the expression in Mitel's command codes was dictated by the proclivities of technicians and limited by significant hardware, compatibility, and industry requirements. In particular, the record contains substantial evidence supporting the conclusion that Mitel's values should be excluded from protection against infringement under the scenes a faire doctrine.

External factors frequently dictated Mitel's selection of particular values to activate the range of call controller functions. For example, many of the values were selected by Mitel's product management department in response to customer demand or to ensure compatibility with equipment already installed in the central offices of Mitel's customers. Frequently, the values were divided in equal increments across a numerical range, and the descriptions and the value increments were matched in ascending steps. Standard programming conventions such as "1" for "on" and "0" for "off" determined some of the descriptions and values. App't App., Vol. III at 757. In addition, some of the values for the set of command codes that were actually copied were dictated by the need for compatibility with older-model Mitel call controllers or the limits on the capabilities of the controller itself. *Id.* Other values were dictated by the limits inherent in the public telephone networks that the call controllers accessed. For example, the vice president of Iqtel, Don Jorgenson, testified that the phone company is able to recognize

touch-tone numbers only when the tone lasts 40 milliseconds or longer. *Id.* Thus, the minimum length of time that a technician can set a touch-tone to last using Mitel's command code X02 ("DTMF[7] Dialing Rates") or Iqtel's command code 17L ("DTMF Tone Length") is 40 milliseconds. App't App., Vol. II at 283, 456. In sum, although Mitel's values constitute non-arbitrary original expression, they are unprotectable as scenes a faire because they were dictated by external functionality and compatibility requirements of the computer and telecommunications industries.

Consideration of Mitel's motion for a preliminary injunction did not require the district court to conduct an exacting examination and analysis of every component of every command code. Rather, the district court must determine upon the evidence before it whether the plaintiff is substantially likely to succeed on the merits of its action. The record in this case contains ample evidence that Mitel is not substantially likely to succeed on the merits. The doctrines of originality and scenes a faire render Mitel's command codes unprotected by copyright. Therefore, we need not consider whether Iqtel's copying of Mitel's command codes constituted fair use under 17 U.S.C. § 107.

CONCLUSION

Mitel has failed to demonstrate that its command codes contain expression that is original and goes beyond

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[7] DTMF stands for "Dual Tone Multiple Frequency" and is merely the acronym for what most of us know as "touch-tone" telephone dialing.

the necessary incidents of the ideas which the codes express. We therefore conclude that the district court did not abuse its discretion in denying Mitel's motion for a preliminary injunction. The decision of the district court is AFFIRMED.

The Toro Company, a Delaware corporation, Plaintiff-Appellant, v. R & R Products Co., an Arizona corporation, Defendant-Appellee.

No. 85-5240.

UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

787 F.2d 1208; 1986 U.S. App. LEXIS 23475; 229 U.S.P.Q. (BNA) 282; Copy. L. Rep. (CCH) P25,916

February 10, 1986, Submitted
March 28, 1986

COUNSEL:

Robert T. Edell, Minneapolis, Minnesota, for Appellant.

Brian B. O'Neill, Jeff H. Eckland, Minneapolis, Minnesota, for Appellee.

JUDGES:

Heaney, Bowman and Timbers, * Circuit Judges.

OPINION BY:

TIMBERS

OPINION:

TIMBERS, Circuit Judge.

The Toro Company ("appellant") appeals from a final judgment, as amended June 13, 1985, entered on the jury's verdict in the District of Minnesota, Robert G. Renner, *District Judge*, said judgment also incorporating an order dated December 10, 1984 dismissing appellant's copyright

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* The Hon. William H. Timbers, Senior United States Circuit Judge for the Second Circuit, sitting by designation.

infringement claim against R & R Products Co. ("appellee") based on appellee's use of appellant's replacement parts numbering system. The jury found that, while appellee had infringed appellant's copyrights in certain replacement part drawings, appellant was entitled to no damages. The jury also found that appellee had not unfairly competed with appellant. Appellant raises a number of issues on appeal, the most significant of which are: whether the court erred in holding that appellant's parts numbering system was not copyrightable; whether the court erred in denying appellant's motion for judgment n.o.v. or a new trial on its unfair competition claim; and whether the court erroneously instructed the jury on the law of unfair competition. We hold that appellant's parts numbering system is not copyrightable because it lacks originality; the jury's verdict of no unfair competition is supported by the evidence; and the court properly instructed the jury on the law of unfair competition.[1] We affirm.

I.

We summarize only those facts believed necessary to an understanding of the issues raised on appeal.

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[1] Appellant also challenges the court's denial of its motion to impound the infringing materials, to enjoin future infringement, and to award attorneys' fees. These remedies, which are available to a prevailing party in a copyright infringement action, are to be granted only in the sound discretion of the court. *See* 17 U.S.C. §§ 502, 503, 505 (1982). Suffice it to say that, even if appellant were to be considered a prevailing party, the court did not abuse its discretion in denying appellant's motion.

Appellant manufactures and sells a diverse line of professional lawn care machines and a full line of replacement parts for them. Appellee manufactures and sells a limited line of replacement parts designed to fit a number of brands of lawn care machines, including appellant's. Appellee and companies like it represent a fairly recent development in the lawn care industry. By manufacturing and selling only those types of replacement parts that are in high demand – those that wear out frequently – appellee can offer these parts to consumers at a considerable savings. The original manufacturers of the machines, like appellant, must offer a full line of replacement parts to ensure continued sales of their machines. Some of the overhead for manufacturing and stocking the full line of replacement parts is reflected in appellant's higher replacement part prices.[2]

Appellee's main sales tool is a catalog that it sends periodically to past and prospective customers. This catalog is central to the instant litigation. The catalog is composed of lists of various original manufacturers' replacement parts indexed according to their original manufacturer part name and part number. In some cases, like appellant's, the part names contain original manufacturer trademarks. Next to each original manufacturer part name and number is the part number for appellee's part which replaces the original manufacturer's part. Along side this is appellee's price. Appellant's part numbers tend to be five or six digit numbers with a hyphen inserted somewhere. Appellee's corresponding part numbers are identical except that they are preceded by the letter "R".

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[2] The record indicates that appellee's prices generally are 10% to 25% below appellant's prices.

Appellee's catalogs also contain certain "exploded" drawings of the parts it offers. At trial appellee admitted that it had "mistakenly" used copies of appellant's parts drawings in two of its catalogs, those for Fall 1982 and Spring 1983. Since then appellee has employed draftsmen to create similar drawings of its own parts. The catalogs also contain a disclaimer, printed at various pages throughout the catalog, stating:

> "All original equipment manufacturer's names, drawings, colors, and part numbers are used for identification purposes only, and we are in no way implying that any of our products are original equipment parts."

Customers wishing to order appellee's parts may either order directly from appellee by mail or purchase the parts from a local dealer who carries them.

On September 2, 1983 appellant commenced the instant action in the district court. The complaint alleged that: (1) appellee, through its catalogs, had infringed appellant's copyrights in its part drawings and parts numbering system; (2) appellee had engaged in unfair competition in violation of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1982), by palming off its parts as appellant's; and (3) appellee had engaged in deceptive trade practices in violation of the Minnesota Deceptive Trade Practices Act, Minn. Stat. §§ 325D.43-.48 (1981). On October 23, 1984 appellee moved to dismiss that part of appellant's copyright infringement claim based on appellee's use of appellant's parts numbering system.[3] Appellee

[3] Prior to this time appellee had answered and counterclaimed that appellant's commencing the action violated the Sherman Act, 15 U.S.C.

(Continued on following page)

asserted that the parts numbering system was an uncopyrightable "system" under § 102(b) of the Copyright Act of 1976, 17 U.S.C. § 102(b) (1982) ("1976 Act"). In an order dated December 10, 1984,[4] the court dismissed that portion of appellant's copyright infringement claim based on appellee's use of appellant's parts numbers. The court held that § 102(b) of the 1976 Act precluded copyright protection for systems like appellant's parts numbering system.

A jury trial was held on appellant's remaining claims during the period March 25, 1985 to April 2, 1985. On April 2 the jury returned its verdict in the form of answers to special interrogatories. The jury found that appellee had infringed appellant's copyrights in the parts drawings, but found that appellant was entitled to no damages. The jury also found that appellee had not engaged in unfair competition nor had it violated the Minnesota Deceptive Trade Practices Act. On April 10 appellant moved for judgment n.o.v. or a new trial. Appellant also moved to impound and destroy the infringing catalogs, to enjoin appellee from future infringement, and to award it attorneys' fees.[5] In an order dated June 13, 1985, the court denied appellant's motions and entered a final judgment on the jury's verdict.

In the balance of this opinion we shall address the dismissal of appellant's copyright infringement claim based on its parts numbering system and then review the

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§ 2 (1982). Appellant successfully moved to dismiss this counterclaim. Appellee has not appealed the dismissal.

[4] The district court's order is reported at 600 F. Supp. 400 (D. Minn. 1984).

[5] *See* note 1 *supra*.

jury's verdict and the court's instructions on unfair competition.

II.

Turning first to the dismissal of the copyright infringement claim, appellant argues that the court erred in holding that § 102(b) of the 1976 Act precluded copyright protection for its parts numbering system. We affirm the court's holding but we do so for different reasons.

Under the 1976 Act, any "original work[] of authorship fixed in any tangible medium of expression" is entitled to copyright protection. 17 U.S.C. § 102(a). Section 102(b), a proviso to § 102(a), states:

> "In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work."

This section is nothing more than a codification of the idea/expression dichotomy as it developed in the case law prior to passage of the 1976 Act. H.R. Rep. No. 1476, 94th Cong., 2d Sess. 57, *reprinted in* 1976 U.S. Code Cong. & Ad. News 5659, 5670 ("Section 102(b) in no way enlarges or contracts the scope of copyright protection under the present law. Its purpose is to restate . . . that the basic dichotomy between expression and idea remains unchanged."). The case law embodying the idea/expression dichotomy, which traces its roots back to *Baker v. Selden*, 101 U.S. 99, 25 L. Ed. 841 (1880), holds that copyright protection extends only to the expression of a particular idea, not the idea itself. The doctrine is grounded both in a

presumed legislative intent to grant an author a monopoly only in his expressions – not his ideas – and in the First Amendment interest in the free exchange of ideas. *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 105 S. Ct. 2218, 2228-31, 85 L. Ed. 2d 588 (1985).

In light of this history of § 102(b), the district court's literal application of the section's language – that appellant's parts numbering system is not copyrightable because it is a "system" – cannot stand. All that the idea/expression dichotomy embodied in § 102(b) means in the parts numbering system context is that appellant could not copyright the idea of using numbers to designate replacement parts. Section 102(b) does not answer the question of whether appellant's particular expression of that idea is copyrightable.

Appellee urges that we uphold the court's ruling by assuming that under the rubric of § 102(b) the court actually was applying the doctrine of merger. Although we doubt that the court intended to invoke the doctrine, it is irrelevant since we are convinced that appellant's parts numbering system does not fall within the small category of works to which merger applies. Under the copyright law doctrine of merger, a close cousin to the idea/expression dichotomy, copyright protection will be denied to even some *expressions* of ideas if the idea behind the expression is such that it can be expressed only in a very limited number of ways. The doctrine is designed to prevent an author from monopolizing an idea merely by copyrighting a few expressions of it. *Morrissey v. Procter & Gamble Co.*, 379 F.2d 675, 678-79 (1st Cir. 1967) (copyright protection will be denied when "by copyrighting a mere handful of forms, [a party] could exhaust all possibilities of future use of the substance [of the idea]."). *Cf. Baker v. Selden, supra,*

101 U.S. at 103 (if particular expression is necessary to an idea, expression is not copyrightable). We do not believe that the idea of a parts numbering system is susceptible of only a very limited number of expressions. Such systems will vary in complexity and composition as the type of information attempted to be encoded into the designation and the method of encoding varies. Granting a particular company a copyright in its own system or systems would not necessarily monopolize the idea of a parts numbering system.

We believe, however, that the court's holding in the instant case that appellant's parts numbering system is not copyrightable should be affirmed for a more basic reason. As stated above, in order to sustain copyright protection under the 1976 Act, the parts numbering system must be within the subject matter of copyright – it must be an original work of authorship fixed in a tangible medium of expression. While it is clear that appellant's parts numbering system is adequately "fixed", we hold that it lacks the requisite originality to sustain copyright protection. Originality is undefined in the 1976 Act, but the legislative history makes clear that the pre-existing case law on originality is meant to apply without change. H.R. Rep. No. 1476, 94th Cong., 2d Sess. 51, *reprinted in* 1976 U.S. Code Cong. & Ad. News 5659, 5664; *Hutchinson Telephone Co. v. Fronteer Directory Co.*, 770 F.2d 128, 131 (8th Cir. 1985). Under originality case law a work need not be artistic or novel to achieve protection. *Mazer v. Stein*, 347 U.S. 201, 98 L. Ed. 630, 74 S. Ct. 460 (1954). Originality denotes only enough definite expression so that one may distinguish authorship. *Id.* at 214 ("they must be original, that is, the author's tangible expression of his ideas."); *Barrow-Giles Lithographic Co. v. Sarony*, 111 U.S.

53, 60, 28 L. Ed. 349, 4 S. Ct. 279 (1884) (photograph is copyrightable because author's efforts in composing subject shows photograph was "an original work, the product of plaintiff's intellectual invention"). If the disputed work is similar to a pre-existing protected work or one in the public domain, the second work must contain some variation recognizable as that of the second author. *L. Batlin & Sons, Inc. v. Snyder*, 536 F.2d 486 (2nd Cir.) (en banc), *cert. denied*, 429 U.S. 857, 50 L. Ed. 2d 135, 97 S. Ct. 156, 191 U.S.P.Q. (BNA) 588 (1976); *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99, 103 (2nd Cir. 1951) (in order for a copy of a work in the public domain to be original, the author must have "contributed something more than a 'merely trivial' variation, something recognizably 'his own.'").

We recently have had occasion to discuss the requisite originality for copyright protection. In *Hutchinson Telephone Co. v. Fronteer Directory Co.*, 770 F.2d 128 (8th Cir. 1985), we considered whether a telephone white pages directory was original enough for copyright protection. We held that, since the directory's author had "solicited, gathered, filed, sorted, and maintained the information" used in the directory, the directory was "derived from information compiled and generated" by the author's efforts. The directory, therefore, was original within the meaning of § 102(a). *Id.* at 132.

Applying these principles to appellant's parts numbering system, we hold, consistent with the decisions of our Court, that the system lacks the requisite originality for copyright protection. The undisputed evidence below shows that appellant's "system" is composed of arbitrarily assigning to a particular replacement part a random number when appellant creates the part. Appellant's Vice

President for Distribution testified that once a part is created "an arbitrary number is assigned" to the part to identify it. Appellant's counsel, when moving for a new trial, told the court that "it was undisputed at trial that Toro's parts numbering system was arbitrary and random." There was no evidence that a particular series or configuration of numbers denoted a certain type or category of parts or that the numbers used encoded any kind of information at all. In short, numbers were assigned to a part without rhyme or reason. This record establishes that appellant's parts numbering "system" falls short of even the low threshold of originality. The random and arbitrary use of numbers in the public domain does not evince enough originality to distinguish authorship. The expression itself is nothing more than the public domain numbers. There is no variation, other than the trivial hyphen, to establish authorship. Also, it is clear that no effort or judgment went into the selection or composition of the numbers, which distinguishes this case from the telephone directory cases. We are left, then, with the accidental marriage of a part and a number. We do not believe that such a marriage produces an original work of authorship. Appellant simply has not added enough to its parts numbers to make them original and remove them from the public domain. This is not to say that all parts numbering systems are not copyrightable. A system that uses symbols in some sort of meaningful pattern, something by which one could distinguish effort or content, would be an original work. Originality is a very low threshold, but still a threshold. Since appellant's parts numbering system has not crossed this threshold, we affirm the district court's

dismissal of appellant's copyright infringement claim based on the system.[6]

III.

This brings us to the unfair competition claim. Appellant argues that the court erred in not granting appellant's motion for a judgment n.o.v. or a new trial. Appellant has assumed a heavy burden in challenging the court's discretion in refusing to second-guess the jury. In reviewing such a claim, we must view the evidence in the light most favorable to appellee and resolve inferences in appellee's favor. If the evidence so viewed supports the jury's verdict, we must affirm the court's denial of appellant's motion. *Jackson v. Prudential Insurance Co.*, 736 F.2d 450, 453 (8th Cir. 1984). We hold that appellant has not sustained this heavy burden.

Appellant's unfair competition claim was based on § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).[7] This

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[6] We are mystified by the statement of appellant's counsel at oral argument that appellee's use of appellant's parts numbers was not a copyright infringement, but appellee's use of the parts numbers preceded by the letter "R" was. Such flawed logic strikes us as underscoring the weakness of appellant's copyright infringement claim based on the parts numbering system.

[7] Section 43(a) provides:

"(a) Civil action"

> Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or

(Continued on following page)

section creates a federal tort of unfair competition based on "false designation of origin or other false representation used in connection with the sale of a product." *Metric & Multistandard Components Co. v. Metric's Inc.*, 635 F.2d 710, 713 (8th Cir. 1980). Appellant sought at trial to prove that appellee had "palmed off" its goods as appellant's. We have held that the "key to finding a violation under section 43(a) is a determination that the materials used by the defendant created a likelihood of confusion, deception or mistake on the part of the consuming public." *Id.* at 714.

Appellant's evidence on the likelihood of appellee's customers being confused as to who manufactured the parts they purchased was not compelling. After seven years of head to head competition, appellant could produce only one customer of appellee who testified that he thought he was purchasing appellant-made parts when he ordered from appellee. The jury reasonably could have inferred from this scant showing that there were few other customers who actually were confused. Appellant also introduced some of appellee's customers' order forms in which the customer had ordered parts using only appellant's part numbers and trademarks. This evidence was equivocal at best since all customers listed appellee's lower prices, not appellant's prices. The jury quite properly could have inferred from these forms that the customers wanted

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representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to [sic] a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation."

appellee to fill their orders with appellee's equivalent, cheaper parts. Appellant also introduced some of appellee's invoices that listed only appellant's part numbers and trademarks. Appellee rebutted this evidence with other invoices in which it had used its own part numbers and with testimony that use of appellant's numbers was a clerical error probably transposed from a customer order form. Most important from the standpoint of appellee, however, was the mute testimony of the catalogs themselves. Although the catalogs do reference appellant's parts numbers and trademarks, each listing is prefaced by phrases like "to fit" or "replaces". Moreover, the disclaimer, which appears throughout all the catalogs, is quite explicit in warning customers that all references to original manufacturers' equipment is for identification purposes only. While appellee admitted mistakenly using appellant's parts drawings in two of its catalogs, the confusing effect of this "mistake" was undercut by the fact that appellee's own internally produced drawings were nearly identical to appellant's drawings anyway. Finally, appellee introduced a survey of a sample of its customers which we must view as indicating that there was no confusion as to who manufactured the parts appellee sold.

We believe that the jury, after sorting through all the evidence presented, properly could have found that appellant showed no likelihood of confusion. It was perfectly reasonable to have found that appellee's customers – professional grounds keepers for the most part – were not likely to be confused into believing that appellee sells appellant's parts by a catalog which clearly indicates that appellee sells only its own parts at a significant discount from what appellant charges. Appellant has not pointed to any compelling evidence in the record that requires a

different result. We hold that the court properly denied appellant's motion for a judgment n.o.v. or a new trial.

Appellant also argues that the court improperly instructed the jury on the law of unfair competition. In reviewing the court's instructions, we must read them as a whole and consider them in light of the entire charge. *Tribble v. Westinghouse Electric Corp.*, 669 F.2d 1193, 1197 (8th Cir. 1982), *cert. denied*, 460 U.S. 1080 76 L. Ed. 2d 342, 103 S. Ct. 1767 (1983). The charge as a whole must state the governing law fairly; technical imperfections or a lack of absolute clarity will not render the instructions erroneous. *Crimm v. Missouri Pacific Railroad Co.*, 750 F.2d 703, 711 (8th Cir. 1984). Appellant argues that the court's instruction on the relationship between evidence of actual confusion and the likelihood of confusion was erroneous. The court, after explaining what § 43(a) prohibits and that a finding of likelihood of confusion to source was crucial to a § 43(a) violation, instructed the jury as follows:

> "Evidence of actual confusion is the best evidence of likelihood of confusion. The law, however, does not require that Toro show evidence of actual confusion if it proves a likelihood of confusion through other evidence.
>
> You may consider the number of instances of actual confusion found over a period of several years. If only a few such instances exist over a long period of time, then this would weigh in favor of a finding of no likelihood of confusion.
>
> In determining whether R & R created a likelihood of confusion, you should consider the general impression of an ordinary purchaser of replacement parts for grass mowing equipment,

> buying under the normal conditions of the market and giving the attention such purchasers usually give in buying such parts."

As stated above, appellant's evidence of actual confusion, consisting of one customer's testimony and some order forms and invoices, was not overwhelming. Appellant argues, however, that *any* evidence of actual confusion should require the court to instruct the jury that it can presume a likelihood of confusion. Appellant claims that the court erroneously instructed the jury that it could consider evidence of only a few instances of actual confusion over a long period as weighing against a likelihood of confusion. Appellant has misperceived the law under § 43(a). While in a trademark infringement action under § 32(1), 15 U.S.C. § 1114(1), we have stated that "actual confusion is not essential to a finding of trademark infringement, although it is positive proof of likelihood of confusion", *Squirtco v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980), we also have held that "resolution of [the likelihood of confusion] issue does not hinge on a single factor but requires a consideration of numerous factors". *Id.* In a § 43(a) case, in which the plaintiff is attempting to prove that the defendant "palmed off" his products as those of the plaintiff, little evidence of actual confusion over years of direct competition may be considered by the jury as indicative of no palming off. *E.g., Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 263 (5th Cir.), *cert. denied*, 449 U.S. 899 101 S. Ct. 268, 66 L. Ed. 2d 129, 208 U.S.P.Q. (BNA) 464 (1980) ("the fact that only three instances of actual confusion were found after nearly 15 years of extensive concurrent sales . . . raises a presumption against the likelihood of confusion"). Moreover, reading the court's charge as a whole, we are convinced that it fairly stressed the importance of appellant's proving

a likelihood of confusion, of which actual confusion evidence, although not necessary, is the best possible proof. We hold that the court's instructions on unfair competition, although not model instructions, fairly stated the law as applied to the evidence presented.[8]

IV.

To summarize: We hold that appellant's parts numbering system is not copyrightable because it lacks originality. The arbitrary assignment of randomly chosen numbers to a particular replacement part does not evince enough authorship for copyright protection. We also hold that the district court properly denied appellant's motion for a judgment n.o.v. or a new trial on the unfair competition claim under § 43(a) of the Lanham Act. Appellant presented meager evidence on the likelihood that appellee's customers would be confused as to the source of appellee's parts. Both the nature of appellee's customers and its sales materials weigh heavily against any possible confusion. The record amply supports the jury's finding of no unfair

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[8] Appellant also argues that the court's instructions were defective in a number of other less significant ways. We have examined these claims and find them to be without merit. The claims boil down to appellant's assertion that the court erred in not including certain specific instructions on various elements of unfair competition. Although more detailed instructions might have been helpful, the court did not err in refusing to focus the jury's attention on specific portions of appellant's proof. Also, appellant's proposed instructions, in some instances, were misstatements of the law and highly prejudicial. Finally, appellant's claim that the court erred in its response to the jury's question about the availability of punitive damages under the 1976 Act is without merit. The court correctly construed the question and rightly informed the jury that the 1976 Act makes no provision for such damages. *See* 17 U.S.C. § 504.

competition. Finally, we hold that the district court did not commit reversible error in its instructions to the jury on the law of unfair competition in view of the evidence presented. In the last analysis, appellee has not committed a wrong in aggressively competing with appellant for a share of its replacement parts market. While federal law prohibits a competitor from taking advantage of another's intellectual property or from palming off its products as another's, the law does not foreclose a competitor from zeroing in on a profitable market segment and offering an alternative product.

Affirmed.

American Dental Association,
Plaintiff-Appellant,
v.
Delta Dental Plans Association,
Defendant-Appellee.

No. 96-4140.

UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

126 F.3d 977; 1997 U.S. App. LEXIS 26957;
44 U.S.P.Q.2d (BNA) 1296; Copy. L. Rep. (CCH) P27,689

May 30, 1997, Argued

September 30, 1997, Decided

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JUDGES: Before Easterbrook, Ripple, and Manion, Circuit Judges.

OPINION BY: Easterbrook

OPINION:

Easterbrook, *Circuit Judge.*

This case presents the question whether a taxonomy is copyrightable. The American Dental Association has created the *Code on Dental Procedures and Nomenclature*. The first edition was published in 1969; the Code has been revised frequently since, in response to changes in dental knowledge and technology. All dental procedures are classified into groups; each procedure receives a number, a short description, and a long description. For example, number 04267 has been assigned to the short description "guided tissue regeneration – nonresorbable barrier, per site, per tooth (includes membrane removal)", which is classified with other surgical periodontic services. The Code made its first appearance in the *Journal of the American Dental Association*, covered by a general copyright notice; the 1991 and 1994 versions were submitted for copyright registration, which was granted by the Register of Copyrights. Delta Dental Association has published a work entitled *Universal Coding and Nomenclature* that includes most of the numbering system and short descriptions from the ADA's Code. In this suit for copyright infringement, Delta contends that it is entitled to reprint modified versions of the Code under an express or implied license, as a joint author (Delta participated in the groups that drafted the Code), and as fair use. It contends that by distributing pamphlets containing some of the Code's older versions without copyright notices the ADA has forfeited its copyright. Delta also argues that the Code is not copyrightable subject matter, and the district court granted summary judgment in its favor on this ground without reaching Delta's other arguments.

The district court held that the Code cannot be copyrighted because it catalogs a field of knowledge – in other words, that no taxonomy may be copyrighted. A

comprehensive treatment cannot be selective in scope or arrangement, the judge believed, and therefore cannot be original either. Taxonomies are designed to be useful. The judge wrote that if "nothing remains after the 'useful' is taken away – if the primary function is removed from the form – the work is devoid of even that modicum of creativity required for protection, and hence is uncopyrightable." 1996 U.S. Dist. LEXIS 5809, 39 U.S.P.Q.2d (BNA) 1715, 1721, Copy. L. Rep. (CCH) ¶ 27,582 at 29,440 (1996) (footnote omitted). No one would read the ADA's Code for pleasure; it was designed and is used for business (for records of patients' dental history or making insurance claims) rather than aesthetic purposes. The district court added that, as the work of a committee, the Code could not be thought original. Creation by committee is an oxymoron, the judge wrote.

The sweep of the district court's reasoning attracted the attention of many other suppliers of taxonomies. The American Medical Association, the American National Standards Institute, Underwriters Laboratories, and several other groups have filed a brief as *amici curiae* to observe that they, too, produce catalogs of some field of knowledge and depend on the copyright laws to enable them to recover the costs of the endeavor. Other groups or firms might say the same. The manuals issued by the Financial Accounting Standards Board to specify generally accepted accounting practices could not be copyrighted. Nor could the tests and answers devised by the Educational Testing Service. The district court's reasoning logically removes copyright protection from the West Key Number System, which is designed as a comprehensive index to legal topics, and *A Uniform System of Citation* (the *Bluebook*), a taxonomy of legal sources. Very little

computer software could receive a copyright if the district judge is correct: no one reads, for pleasure, the source or object code of the word processing program on which this opinion was written, or of the operating system that runs the computer: take away the "useful" elements and these endeavors are worthless. Worse, most commercial software these days is written by committee, and authors receive less public credit than the gaffers on a movie set, whose names at least scroll by at the end after the audience has turned its collective back to head up the aisles. Blueprints for large buildings (more committee work), instruction manuals for repairing automobiles, used car value guides, dictionaries, encyclopedias, maps – all these, and many more, would flunk the district court's test of originality. Yet these items are routinely copyrighted, and challenges to the validity of these copyrights are routinely rejected. *E.g.*, *Educational Testing Services v. Katzman*, 793 F.2d 533 (3d Cir. 1986) (Scholastic Aptitude Test); *CCC Information Services, Inc. v. Maclean Hunter Market Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994) (list of used-car prices); *Lipton v. Nature Co.*, 71 F.3d 464 (2d Cir. 1995) (terms describing groups of animals). *See also* 17 U.S.C. § 101 (including "architectural plans" within the definition of "pictoral, graphic and sculptural works" that are copyrightable); Paul Goldstein, *Copyright: Principles, Law and Practice* § 2.15.2 (1989) (discussing copyright protection for computer programs). The American Medical Association's copyright in the *Physician's Current Procedural Terminology*, its catalog of medical procedures, was recently sustained, although against a challenge different from the district court's rationale. *Practice Management Information Corp. v. American Medical Association*, 121 F.3d 516 (9th Cir. 1997) slip op. 9323-27. Maps and globes are not only copyrightable, *see Rockford Map Publishers, Inc. v.*

Directory Service Co., 768 F.2d 145 (7th Cir. 1985), but also constituted two-thirds of the original scope of copyright. The Copyright Act of 1790 specified three protectable items: maps, charts, and books. Act of May 31, 1790, 1 Stat. 124. Like taxonomies, maps are valued to the extent they offer useful organizations of facts; like the Code, maps are produced by committees. (As are opinions of appellate courts, which despite this handicap, and the judges' effort to produce something useful, might occasionally have a modicum of originality.)

Any original literary work may be copyrighted. The necessary degree of "originality" is low, and the work need not be aesthetically pleasing to be "literary." *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 345-46, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991). Term papers by college sophomores are as much within the domain of copyright as Saul Bellow's latest novel. *See Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 47 L. Ed. 460, 23 S. Ct. 298 (1903). Scholarship that explicates important facts about the universe likewise is well within this domain. Einstein's articles laying out the special and general theories of relativity were original works even though many of the core equations, such as the famous $E=mc^2$, express "facts" and therefore are not copyrightable. Einstein could have explained relativity in any of a hundred different ways; another physicist could expound the same principles differently.

So too with a taxonomy – of butterflies, legal citations, or dental procedures. Facts do not supply their own principles of organization. Classification is a creative endeavor. Butterflies may be grouped by their color, or the shape of their wings, or their feeding or breeding habits, or their habitats, or the attributes of their caterpillars, or the

sequence of their DNA; each scheme of classification could be expressed in multiple ways. Dental procedures could be classified by complexity, or by the tools necessary to perform them, or by the parts of the mouth involved, or by the anesthesia employed, or in any of a dozen different ways. The Code's descriptions don't "merge with the facts" any more than a scientific description of butterfly attributes is part of a butterfly. *Cf. Nash v. CBS, Inc.*, 899 F.2d 1537 (7th Cir. 1990) (discussing the fact-expression dichotomy). There can be multiple, and equally original, biographies of the same person's life, and multiple original taxonomies of a field of knowledge. Creativity marks the expression even after the fundamental scheme has been devised. This is clear enough for the long description of each procedure in the ADA's Code. The long description is part of the copyrighted work, and original long descriptions make the work as a whole copyrightable. But we think that even the short description and the number are original works of authorship.

Number 04267 reads "guided tissue regeneration – nonresorbable barrier, per site, per tooth" but could have read "regeneration of tissue, guided by nonresorbable barrier, one site and tooth per entry". Or "use of barrier to guide regeneration of tissue, without regard to the number of sites per tooth and whether or not the barrier is resorbable". The first variation is linguistic, the second substantive; in each case the decision to use the actual description is original to the ADA, not knuckling under to an order imposed on language by some "fact" about dental procedures. Blood is shed in the ADA's committees about which description is preferable. The number assigned to any one of the three descriptions could have had four or six digits rather than five; guided tissue regeneration could have

been placed in the 2500 series rather than the 4200 series; again any of these choices is original to the author of a taxonomy, and another author could do things differently. Every number in the ADA's Code begins with zero, assuring a large supply of unused numbers for procedures to be devised or reclassified in the future; an author could have elected instead to leave wide gaps inside the sequence. A catalog that initially assigns 04266, 04267, 04268 to three procedures will over time depart substantively from one that initially assigns 42660, 42670, and 42680 to the same three procedures. So all three elements of the Code – numbers, short descriptions, and long descriptions, are copyrightable subject matter under 17 U.S.C. § 102(a). The *Maroon Book* and the *Bluebook* offer different taxonomies of legal citations; Wotquenne and Helm devised distinct catalogs of C.P.E. Bach's oeuvre; Delta Dental Association could have written its own classification of dental procedures.

Note that we do *not* conclude that the Code is a compilation covered by 17 U.S.C. § 103. It could be a compilation only if its elements existed independently and the ADA merely put them in order. A taxonomy is a way of *describing* items in a body of knowledge or practice; it is not a collection or compilation *of* bits and pieces of "reality". The 1991 and 1994 versions of the Code may be recompilations of earlier editions, but the original Code is covered by § 102(a) as an "original work of authorship", and its amendments by § 106(2) as derivative works.

The district court's contrary conclusion instantiates the adage that where you come out depends on where you go in. The court asked whether the Code would be copyrightable if it were a lamp. This is not quite as foolish as it

sounds. Congress permits works of art, including sculptures, to be copyrighted, but does not extend the copyright to industrial design, which in the main falls into the province of patent, trademark, or trade dress law. *See* 17 U.S.C. §§ 101, 102(a)(5), 113; *W.T. Rogers Co. v. Keene*, 778 F.2d 334 (7th Cir. 1985). When the maker of a lamp – or any other three-dimensional article that serves some utilitarian office – seeks to obtain a copyright for the item as a sculpture, it becomes necessary to determine whether its artistic and utilitarian aspects are separable. If yes, the artistic elements of the design may be copyrighted; if no, the designer must look outside copyright law for protection from imitation. Compare *Hart v. Dan Chase Taxidermy Supply Co.*, 86 F.3d 320 (2d Cir. 1996), which holds that fish mannequins may be copyrighted if they possess artistic features separable from their utilitarian aspects, with *Carol Barnhart Inc. v. Economy Cover Corp.*, 773 F.2d 411 (2d Cir. 1985), which holds that mannequins of human torsos may not be copyrighted. Judge Zagel applied to the ADA's Code the same approach courts use for three-dimensional articles, found that the Code has no expression separable from its utilitarian aspects, and held that it therefore may not be copyrighted.

Such an inquiry mixes two distinct issues: originality and functionality. A lamp may be entirely original, but if the novel elements are also functional the lamp cannot be copyrighted. This is not a line between intellectual property and the public domain; it is a line among bodies of intellectual-property law. An article with intertwined artistic and utilitarian ingredients may be eligible for a design patent, or the artistic elements may be trade dress protected by the Lanham Act or state law. Yet the district court did not set out to mark the boundaries among

copyright, patent, trademark, and state law. Anyway, to restate the obvious, the Code is not a sculpture. The ADA does not make any claim to its protection as a "pictorial, graphic, [or] sculptural" work under § 102(a)(5), and the unique limitations on the protection of that category of works do not extend to the written word. Not only are the issues different – original is not an antonym for utilitarian – but the special question under § 102(a)(5) and § 113 is not one that should be extended. "Of the many fine lines that run through the Copyright Act, none is more troublesome than the line between protectible pictorial, graphic and sculptural works and unprotectible utilitarian elements of industrial design." Goldstein, § 2.5.3 at 99 (footnote omitted). Whether a literary work is original ought to be a question easy to pose and easy to answer, so that people know the status of their intellectual property; it ought not be complicated with a test designed for a completely different problem.

Delta asks us to affirm the judgment on a ground that the district judge did not reach: that the Code is not copyrightable because it is a "system." Section 102(b) tells us that copyright protection even of an original work does not cover "any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work." But what could it mean to call the Code a "system"? This taxonomy does not come with instructions for use, as if the Code were a recipe for a new dish. *Cf. Publications International, Ltd. v. Meredith Corp.*, 88 F.3d 473 (7th Cir. 1996) (holding that recipes are not copyrightable). A dictionary cannot be called a "system" just because new novels are written using words, all of which appear in the dictionary. Nor is word-processing

software a "system" just because it has a command structure for producing paragraphs. The Code is a taxonomy, which may be put to many uses. These uses may be or include systems; the Code is not.

Section 102(b) codifies the fact-expression dichotomy, which we have already considered, as well as the holding of *Baker v. Selden,* 101 U.S. 99, 25 L. Ed. 841 (1879), that blank forms are not copyrightable, even if the structure of the forms captures the essence of an original work of literature. The book was protected as original literary expression, the Court held, but the form was a means of putting the book's ideas into practice – and copyright law, unlike patent law, covers only expression. Someone who buys a book full of ideas for new machines may build and sell one of the machines without infringing the author's copyright; *Baker* thought that the use of an accounting system described in a book is pretty much the same thing, even if practice of the system entails use of the author's forms. Baker rearranged Selden's forms, but if the original forms were copyrightable then the rearrangements were derivative works, which the original author had an exclusive right to produce. Protecting variations on the forms could have permitted the author of an influential accounting treatise to monopolize the practice of double-entry bookkeeping. Yet copyright law does not permit the author to monopolize the revenues to be derived from an improved system of accounting – or of reporting dental procedures. *See* William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 17 J. Legal Studies 325, 350-53 (1989).

Few "how-to" works are "systems" in *Baker*'s sense. If they were, architectural blueprints could be freely copied, although the Berne Convention Implementation Act of

1988, Pub.L. 100-567, 102 Stat. 2854, adds protection for "architectural plans" to the statute. Descriptions of how to build or do something do not facilitate monopoly of the subject-matter being described, so the concern of *Baker* is not activated. Again consider blueprints: other architects can imitate the style of the completed building; they just can't copy the plans. What is more, a form that contains instructions for its completion is copyrightable in part (the instructions) and in the public domain in part (the lines and boxes). *Edwin K. Williams & Co. v. Edwin K. Williams & Co.-East,* 542 F.2d 1053, 1061 (9th Cir. 1976); Goldstein at § 2.15.1.b. So far as the ADA is concerned, any dentist, any insurer, anyone at all, may devise and use forms into which the Code's descriptions may be entered. The ADA encourages this use; standardization of language promotes interchange among professionals. (The fact that Delta used most of the Code but made modifications is the reason ADA objects, for variations salted through a convention impede communication.) Section 102(b) precludes the ADA from suing, for copyright infringement, a dentist whose office files record treatments using the Code's nomenclature. No field of practice has been or can be monopolized, given this constraint. Section 102(b) permits Delta Dental to disseminate forms inviting dentists to use the ADA's Code when submitting bills to insurers. But it does not permit Delta to copy the Code itself, or make and distribute a derivative work based on the Code, any more than Baker could copy Selden's book.

Whether there are other obstacles to the relief the ADA seeks is a subject best left to the district court in the first instance. The judgment is vacated, and the case is remanded for further proceedings consistent with this

opinion. Any award of attorneys' fees, the second subject of the ADA's appeal, must abide the final decision in the litigation.

ATC DISTRIBUTION GROUP, INC., Plaintiff-Appellant, v. WHATEVER IT TAKES TRANSMISSIONS & PARTS, INC.; KENNETH HESTER; CHARLES BOWMAN; CHARLES LITCHFIELD; WILLIAM WATTS; JOHN LEECH; KIMBERLY NICKS HALL, Defendants-Appellees.

No. 03-6505.

UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

05a0149p.06;

2005 U.S. App. LEXIS 5059; 2005 FED App. 0149P (6th Cir.)

November 30, 2004, Argued
March 30, 2005, Decided
March 30, 2005, Filed

COUNSEL: ARGUED: James Gibson, UNIVERSITY OF RICHMOND LAW SCHOOL, Richmond, Virginia, James B. Niehaus, FRANTZ WARD, LLP, Cleveland, Ohio, for Appellant.

David A. Calhoun, WYATT, TARRANT & COMBS, Louisville, Kentucky, for Appellees.

ON BRIEF: James B. Niehaus, Michael E. Smith, Larry W. Conner, FRANTZ WARD, LLP, Cleveland, Ohio, Colin H. Lindsay, DINSMORE & SHOHL, LLP, Louisville, Kentucky, for Appellant.

David A. Calhoun, K. Gregory Haynes, Christopher W. Brooker, WYATT, TARRANT & COMBS, Louisville, Kentucky, for Appellees.

JUDGES: Before: BOGGS, Chief Judge; CLAY, Circuit Judge; and WALTER, District Judge.*

OPINION BY: BOGGS

OPINION:

BOGGS, Chief Judge. Appellant, ATC Distribution Group, Inc. ("ATC"), appeals the district court's grant of summary judgment in favor of the Appellees. ATC sells transmission parts. One of ATC's employees, Kenny Hester, left ATC to form his own transmission parts company, Whatever It Takes Transmissions ("WITT"). WITT hired away several of ATC's other employees and created a transmission parts catalog that was almost identical to the ATC catalog, on which Hester had worked while he was with ATC. ATC sued WITT and several of its former employees, including Hester, alleging twelve intellectual property and unfair business practices claims. The district court granted summary judgment in favor of WITT and the other defendants on almost all of ATC's claims. ATC timely appealed the district court's grant of summary judgment on seven of those claims. For the reasons set forth below, we affirm the judgment of the district court in its entirety.

I

There are three areas of dispute between ATC and the Appellees: (1) the relationship between ATC and Kenny Hester, a former employee of ATC who started a rival transmission parts distributor, WITT; (2) the relationship

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* The Honorable Donald E. Walter, United States District Judge for the Western District of Louisiana, sitting by designation.

between ATC, Hester, and the so-called "North Carolina Defendants," Charles Bowman, Charles Litchfield, William Watts, John Leech, and Kimberly Nicks Hall; and (3) WITT's use of ATC's transmission parts catalog and other intellectual property.

Kenny Hester. This case began with the merger of two companies in 1994. ATC Technology Group, ATC's predecessor-in-interest, acquired Hester Transmission Parts ("HTP"), along with HTP's building and the right to use HTP's transmission parts catalog, which HTP had originally acquired from McCarty, a printing company. ATC also acquired the services of Kenny Hester and the North Carolina Defendants, who had worked at HTP for varying amounts of time. Hester signed an employment contract and an agreement not to compete with ATC or solicit its employees prior to August 2, 1999.

Hester eventually left ATC in October 1999, after giving ATC more than a year's notice of his intent to leave, and agreeing to stay on longer than he originally planned, at ATC's request. Hester started a new transmission parts distributor, WITT, in Louisville, Kentucky in November 1999. WITT ultimately hired many of ATC's employees. WITT also used advertising that incorporated ATC's part numbers, and produced a flyer indicating that WITT was "formerly HTP," although the extent of the distribution and impact of that flyer is unclear.

The North Carolina Defendants. In January 2000, Hester met with the North Carolina Defendants in Charlotte. According to Hester, they confirmed their interest in leaving ATC for a new branch of WITT that Hester was opening in Charlotte. In March 2000, the North Carolina defendants resigned from ATC en masse over the course of

two days, and began working at WITT. One of the North Carolina Defendants, Bowman, had signed a non-compete and non-solicitation clause in 1992 upon his promotion to Vice President and Sales Manager of HTP, a position from which he subsequently had been demoted. The North Carolina Defendants took with them copies of customer lists, reports of accounts receivable, and reports detailing the pricing groups to which ATC assigned customers. Some of the North Carolina Defendants began calling their former customers to solicit business for WITT.

ATC's catalog and part numbers. In 1995, ATC first published a transmission parts catalog that Hester had worked on since his days at HTP, a catalog that ATC hoped would become the industry standard. This and subsequent catalogs were distributed throughout the industry. The ATC catalog and the parts numbering system used in the catalog were based on an original catalog and numbering system that McCarty, the printing company, had distributed to several parts wholesalers, each with the wholesaler's own name on it. The illustrations in the catalog were obtained by hiring an artist to create sketched copies of photographs found in another distributor's catalog, and then rearranging them in an order consistent with the assembly and disassembly of a transmission. After Hester left ATC in 1999, he obtained an electronic copy of the ATC catalog, on which he based a new catalog used by WITT salespeople. According to Hester, no copies of this catalog have ever been distributed outside WITT, but WITT does use many of ATC's part numbers in advertising and in its internal processes.

ATC brought suit against WITT, Hester, and the North Carolina Defendants in the United States District Court for the Western District of Kentucky in June 2000,

alleging (1) copyright infringement (by WITT and Hester), in the form of copying without permission ATC's catalog and the part numbers and illustrations contained in the catalog; (2) trademark infringement (by WITT); (3) unfair competition (by WITT and Hester); (4) common law trademark infringement (by WITT); (5) common law unfair competition (by WITT); (6) aiding and abetting trademark infringement and unfair competition (by WITT); (7) breach of contract (by Hester and Bowman); (8) unjust enrichment and quantum meruit (by WITT, Hester, and the North Carolina Defendants); (9) misappropriation and conversion (by WITT, Hester, and several named North Carolina Defendants); (10) breach of fiduciary duty (by Hester and the North Carolina Defendants); (11) trade defamation (by WITT, Hester, and two of the North Carolina Defendants); and (12) intentional interference with business relations (by WITT, Hester, and the North Carolina Defendants). All parties moved for summary judgment.

The court granted summary judgment in favor of all named defendants on ATC's claims for copyright infringement, trademark infringement, common law trademark infringement, common law unfair competition, aiding and abetting trademark infringement and unfair competition, unjust enrichment and quantum meruit, misappropriation and conversion, trade defamation, and intentional interference with business relations. The court granted summary judgment in favor of all defendants on all aspects of ATC's unfair competition claim except the part of the claim arising from WITT's use of the phrase "formerly HTP," on which the court granted summary judgment in favor of ATC. The court granted summary judgment in favor of defendant Bowman on the breach of contract claim, but

denied summary judgment on the part of the claim arising from Hester's alleged breach of contract. Finally, the court granted summary judgment in favor of the North Carolina Defendants on the breach of fiduciary duty claim, but denied Hester's motion for summary judgment on that claim. In total, ten of the twelve counts were resolved in their entirety on summary judgment, with only one part of the unfair competition claim decided in ATC's favor. The remaining claims, including ATC's claim for damages for unfair competition, were dismissed without prejudice by the district court on August 12, 2003, pending this court's resolution of this appeal.[1]

ATC timely appealed the district court's order granting summary judgment in favor of defendants on ATC's claims for copyright infringement, unfair competition, unjust enrichment and quantum meruit, misappropriation and conversion, breach of fiduciary duty, trade defamation, and intentional interference with business relations.[2]

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[1] The parties have agreed that if we do not vacate any portion of the district court's order or remand any part of this case to the district court, none of the dismissed claims will be refiled. (*See* J.A. 273, 275 (district court order and agreement between the parties).)

[2] Although ATC's brief states that its claims on appeal include all of the claims adjudicated by the district court, only the listed claims are addressed in its brief. ATC has therefore waived its claims for trademark infringement, common law trademark infringement, aiding and abetting trademark infringement and unfair competition, and breach of contract. *See Robinson v. Jones,* 142 F.3d 905, 906 (6th Cir. 1998) (issues raised in the district court but not raised on appeal considered abandoned and not reviewable on appeal); *Buziashvili v. Inman,* 106 F.3d 709, 719 (6th Cir. 1997) (issue listed in brief without argument in support deemed waived).

II

We review a district court's order granting summary judgment *de novo,* and its findings of fact for clear error. *Howard v. City of Beavercreek,* 276 F.3d 802, 805 (6th Cir. 2002).

A. Copyright infringement.

The Constitution establishes Congress's power to create copyrights to "promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8. The Copyright Act gives copyright owners exclusive rights to reproduce, prepare derivative works from, distribute, and publicly perform or display a copyrighted work, and allows "the legal or beneficial owner of an exclusive right under a copyright . . . to institute an action for any infringement of that particular right." *See* 17 U.S.C. §§ 106, 501(b). A claim of copyright infringement requires proof of "(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.,* 499 U.S. 340, 361, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991).

ATC claims that WITT and Hester infringed its copyrights in the parts catalog, the individual part numbers contained in the catalog, the illustrations contained in the catalog, and its self-described "Numbering System Manual." Appellees do not contest the allegation that they copied these works and items. Rather, they raise the affirmative defense that ATC abandoned any copyright interests it might have had by widely distributing the

catalog, and argue in the alternative that none of the works or items listed are eligible for copyright protection.

The district court rejected Appellees' abandonment claim, but agreed that the catalog, part numbers, illustrations, and the manual lacked the originality required for copyright protection, and that Appellees' admitted copying of these works and items could not have constituted copyright infringement as a matter of law. The district court therefore held that Appellees were entitled to summary judgment on ATC's claim of copyright infringement. Because we agree with the district court that none of the works copied by Appellees were eligible for copyright protection, we need not reach the issue of abandonment.

1. Catalog and part numbers.

ATC claims copyright protection for its catalog and part numbers under two different theories. First, ATC argues that its catalog is a creative classification scheme, or taxonomy, which sorts parts into categories and subcategories, and allocates numbers to each part. Under this theory, the individual part numbers would be protected as the copyrightable expressions of the overall taxonomy. Second, ATC argues that even if the numbers themselves are not protected by copyright, the catalog as a whole is protected as a creative and original compilation of data. Under neither theory are the catalog or part numbers eligible for copyright protection.

ATC's parts-classification scheme divides transmission parts into a series of categories and sub-categories. There are three basic categories: brand, transmission type, and type of part. In addition, a suffix field is available to further sub-divide a particular part when appropriate.

Within each category, several sub-categories have been created. In the brand category the sub-categories are relatively obvious: the transmissions are listed by manufacturer. In the part category the sub-categories are less obvious, and require decisions such as whether to have a single category of rings, of which some are sealing rings and some are O-rings, or to have two distinct categories, sealing rings and O-rings. Each of the three basic categories and the optional suffix are represented in each part number by a two-digit or three-digit field (with the occasional letter), within which the transmission types or parts are numbered in order, with gaps being left in each sub-category to accommodate new parts in the future. Although all parts within a sub-category are numbered sequentially, the ordering of the sub-categories within a field, or the parts within a sub-category appears to be random. As such, the fact that an "O-ring pump" and an "O-ring pump bolt" are in the same general range of numbers is no accident. But the fact that O-rings in general are numbered in the 300's, and the fact that these two parts are numbered 311 and 312 rather than 341 and 342, are accidental. Each discrete transmission part will have a number that is between five and nine digits and/or letters.

ATC claims that its numbering scheme involves several different types of creativity: (1) deciding what kind of information to convey in part numbers; (2) predicting future developments in the transmission parts industry and deciding how many slots to leave open in a given sub-category to allow for those developments; (3) deciding whether an apparently novel part that does not obviously fit in any of the existing classifications should be assigned a new category of its own or placed in an existing category,

and, if the latter, which one; (4) designing the part numbers; and (5) devising the overall taxonomy of part numbers that places the parts into different categories. An example of this last type of creativity would be the decision to include in the catalog entries for "Pressure Plate, Intermediate (Top)" (assigned number 144) and "Pressure Plate, Intermediate (Bottom)" (145), as opposed to using one unitary entry for "Pressure Plate, Intermediate," but adding a suffix to that part number that differentiates between top (1441) and bottom (1442) plates.

a. The ATC catalog as a taxonomy.

Classification schemes can in principle be creative enough to satisfy the originality requirement of copyright protection. *See Am. Dental Ass'n v. Delta Dental Plans Ass'n,* 126 F.3d 977, 979 (7th Cir. 1997) ("Facts do not supply their own principles of organization. Classification is a creative endeavor. . . . There can be multiple, and equally original, biographies of the same person's life, and multiple original taxonomies of a field of knowledge.").[3] None of ATC's claimed creative endeavors seem particularly creative when compared to a great painting or novel, but the Supreme Court has made clear that only a bare

[3] The district court disagreed with *American Dental* 's holding that taxonomies can be copyrighted, on the ground that they are "useful articles" excluded from copyright protection by 17 U.S.C. § 101. However section 101 only limits the extent to which useful articles can receive copyright protection in the context of "pictorial, graphic, and sculptural works," and further defines a useful article as an article that has a function other than conveying information. As such, the usefulness of a taxonomy, which is intended to convey information, and which is neither pictorial, graphic, nor sculptural, does not preclude its being eligible for copyright protection under section 101.

minimum amount of creativity is required to satisfy the constitutional originality requirement. *See Feist,* 499 U.S. at 345 ("Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity."). At least some of the decisions made by ATC are arguably "non-obvious choices" made from "among more than a few options." *See Matthew Bender & Co. v. West Publ'g Co.,* 158 F.3d 674, 682 (2d Cir. 1998).

Original and creative *ideas,* however, are not copyrightable, because 17 U.S.C. § 102(b) provides that "in no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of [its] form." Section 102(b) codifies the common-law principle that "unlike a patent, a copyright gives no exclusive right to the art disclosed; protection is given only to the expression of the idea – not the idea itself." *Mazer v. Stein,* 347 U.S. 201, 217, 98 L. Ed. 630, 74 S. Ct. 460 (1954) Dec. Comm'r Pat. 308 (1954); *see also Lexmark Int'l, Inc. v. Static Control Components, Inc.,* 387 F.3d 522, 538 (6th Cir. 2004) ("the idea-expression divide . . . distinguishes the original work's protectable elements from its unprotectable ones"). And all of the creative aspects of the ATC classification scheme are just that: ideas. ATC cannot copyright its prediction of how many types of sealing ring will be developed in the future, its judgment that O-rings and sealing rings should form two separate categories of

parts, or its judgment that a new part belongs with the retainers as opposed to the pressure plates.[4]

The *expression* of ATC's ideas about part classification and the future of the transmission parts market is not barred from copyright protection by the idea-expression distinction. It is barred, however, in part by the "merger doctrine," and in part by the originality requirement. For almost all of the types of creativity claimed by ATC, there is only one reasonable way to express the underlying idea. For example, the only way to express the prediction that a maximum of four additional types of sealing ring might be developed is to leave four numbers unallocated, and the only way to express the idea that a novel part should be placed with the sealing rings rather than with the gaskets is to place that part with the sealing rings. Under the merger doctrine, "when there is essentially only one way to express an idea, the idea and its expression are inseparable [i.e., they merge,] and copyright is no bar to copying that expression." *Kohus v. Mariol,* 328 F.3d 848, 856 (6th Cir. 2003) (alteration in original, internal citation omitted).

The only aspect of the numbering system that does not merge with the underlying idea is the allocation of numbers to each sub-category, and ultimately to each part. ATC argues that its individual part numbers are copyright protected as expressions of the catalog as a whole, and cites as authority the Seventh Circuit's

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[4] As the district court notes, permitting copyright protection for ATC's choice of where in the catalog to locate a new part would be akin to granting copyright protection to a grocer who decides to display a new type of heirloom tomato with the gourmet produce, as opposed to with the other tomatoes or the locally grown produce.

holding in *American Dental,* which held that the American Dental Association's *Code on Dental Procedures and Nomenclature* was copyrightable. *See* 126 F.3d at 979. The *Code* classified dental procedures into groups, with each procedure receiving a number, a short description, and a long description. *Id.* at 977. For example, number 04267 was assigned to the short description "guided tissue regeneration-nonresorbable barrier, per site, per tooth (includes membrane removal)." *Ibid.* The Seventh Circuit held that the numbers assigned to each procedure were copyrightable, in addition to the long and short descriptions of each procedure. *Id.* at 979.

The *American Dental* court's rationale for holding that the individual procedure numbers were copyrightable is rather opaque:

> Number 04267 reads "guided tissue regeneration-nonresorbable barrier, per site, per tooth" but could have read "regeneration of tissue, guided by nonresorbable barrier, one site and tooth per entry". Or "use of barrier to guide regeneration of tissue, without regard to the number of sites per tooth and whether or not the barrier is resorbable". The first variation is linguistic, the second substantive; in each case the decision to use the actual description is original to the ADA, not knuckling under to an order imposed on language by some "fact" about dental procedures. Blood is shed in the ADA's committees about which description is preferable. The number assigned to any one of the three descriptions could have had four or six digits rather than five; guided tissue regeneration could have been placed in the 2500 series rather than the 4200 series; again any of these choices is original to the author of a taxonomy, and another author

> could do things differently. Every number in the ADA's Code begins with zero, assuring a large supply of unused numbers for procedures to be devised or reclassified in the future; an author could have elected instead to leave wide gaps inside the sequence. A catalog that initially assigns 04266, 04267, 04268 to three procedures will over time depart substantively from one that initially assigns 42660, 42670, and 42680 to the same three procedures. So all three elements of the Code-numbers, short descriptions, and long descriptions, are copyrightable subject matter under 17 U.S.C. § 102(a).

Ibid. Almost all of this passage concerns either the wording of the descriptions, or the creative thought that went into the underlying taxonomy, such as the decision to leave gaps in the numbering system. The discussion of the numbers themselves is limited to two immaterial observations: that numbers in the 4200's rather than the 2500's were assigned to guided tissue regeneration; and that the numbers assigned to a particular procedure in a catalog will differ depending on the prior allocation of numbers to other procedures. Neither of these facts evidences any creativity by the ADA that would render the numbers eligible for copyright protection. The mere fact that numbers are attached to, or are a by-product of categories and descriptions that are copyrightable does not render the numbers themselves copyrightable. *See Southco, Inc. v. Kanebridge Corp.*, 258 F.3d 148, 151 & n.5 (3d Cir. 2001) ("*Southco I*") ("For purposes of copyright law . . . [a] numbering system itself and the actual numbers produced by the system are two very different works," such that even if the underlying system is original and creative, the

numbers themselves are not copyrightable unless they are assigned to parts in a creative way).[6]

Even assuming, *arguendo*, that some strings of numbers used to designate an item or procedure could be sufficiently creative to merit copyright protection, the parts numbers at issue in the case before us do not evidence any such creativity. ATC's allocation of numbers to parts was an essentially random process, serving only to provide a useful shorthand way of referring to each part. The only reason that a "sealing ring, pump slide" is allocated number 176 is the random ordering of sub-categories of parts, and the random ordering of parts within that subcategory. Were it not for a series of random orderings within each category field, a given part could be 47165 or 89386. As such, the particular numbers allocated to each part do not *express* any of the creative ideas that went into the classification scheme in any way that could be considered eligible for copyright protection. *See Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366, 1374 (10th Cir. 1997) ("[T]he random and arbitrary use of numbers in the public domain does not evince enough originality to distinguish authorship.") (internal citation omitted). These numbers are no more copyrightable than would be the fruit of an author's labors if she wrote a book and then "translated" it into numbers using a random number generator for each letter

[6] The Third Circuit subsequently noted in *Southco, Inc. v. Kanebridge Corp.*, 324 F.3d 190 (3d Cir.2003) ("*Southco II*"), that the district court had, on remand after *Southco I*, misinterpreted the earlier decision as precluding the possibility of creative numbering. The *Southco II* court therefore remanded once again for examination of that issue, but did not question the underlying principle that part numbers cannot be protected by copyright absent such creativity.

in every word. Even if the text in English was copyrightable, the randomly generated list of numbers that comprised the "translation" could not be.

Originality aside, there are other sound reasons for denying copyright protection to short "works," such as part numbers. Although the fact that ATC had a copyright in the number 45607 might not ultimately preclude other people or entities from using that number in other contexts, given the defenses of fair use and independent creation available to those accused of copyright infringement, anyone using that number in a commercial context would face the time-consuming and expensive prospect of having to defend themselves against such claims. This would not only be extremely inefficient, but would provide a way for the creators of otherwise uncopyrightable ideas or works to gain some degree of copyright protection through the back door simply by assigning short numbers or other shorthand phrases to those ideas or works (or their component parts). *See SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharms., Inc.*, 211 F.3d 21, 29 n.5 (2d Cir. 2000) ("the danger lurking in copyright protection for labels is that the tail threatens to wag the dog – proprietors at times seize on copyright protection for the label in order to leverage their thin copyright protection over the text . . . on the label into a monopoly on the typically uncopyrightable product to which it is attached.") (internal quotation and citation omitted). Indeed, the Copyright Office will not register a short name, phrase, or expression, such as the name of a product or service, even if it is novel or distinctive. *See* 37 C.F.R. § 202.1 (regulation issued by the Copyright Office under 17 U.S.C. § 702, stating that short phrases such as names are not subject to copyright protection); Copyright Office Circular 34

(available at http://www.copyright.gov/circs/circ34.html). While the use without compensation of one's labors may seem unfair, "this is not 'some unforeseen byproduct of a statutory scheme.' It is, rather, 'the essence of copyright,' and a constitutional requirement. The primary objective of copyright is not to reward the labor of authors, but 'to promote the Progress of Science and useful Arts.'" *Feist*, 499 U.S. at 349 (internal citations omitted). Permitting uncopyrightable materials to receive protection simply by virtue of adding a number or label would allow an end run around that constitutional requirement.

As a last resort, ATC suggested during oral argument that even if neither the ideas that gave rise to the parts numbers, nor the individual part numbers, *qua* expressions of those ideas, are copyrightable, the part numbers taken as a whole were somehow copyrightable as a middle ground between the two, much in the same way that while neither the basic idea behind a novel nor the individual words used to write it are protected, the story that those words form when taken together is copyrightable. The flaw in this argument is that there is no such middle ground in this case. Unlike the words that comprise a novel, which add up to a story, the numbers used in ATC's catalog only add up to a long list of numbers. Putting all the numbers together does not make them expressive in the way that putting words together makes a narrative.

b. The ATC catalog as a creative compilation of parts data.

The second way in which the ATC catalog could be eligible for copyright protection is as a compilation of data. *See* 17 U.S.C. § 103 (providing for copyright protection for

a compilation, limited to "the material contributed by the author of such work, as distinguished from the preexisting material employed in the work"); *see also id.* § 101 ("A 'compilation' is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term 'compilation' includes collective works.").[6]

The requirement that the selection, coordination, or arrangement of data constitutes an independent work of authorship over and above the data themselves is not a stringent one. "A compiler may settle upon a selection or arrangement that others have used; novelty is not required. Originality requires only that the author make the selection or arrangement independently (i.e., without copying that selection or arrangement from another work), and that it display some minimal level of creativity." *Feist,* 499 U.S. at 358. The *Feist* Court cautioned, though, that "the selection and arrangement of facts cannot be so mechanical or routine as to require no creativity whatsoever. The standard of originality is low, but it does exist." *Id.* at 362.

The district court found ATC's catalog insufficiently original to receive protection as a compilation on two

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[6] The *American Dental* court stated that the ADA taxonomy of dental procedures could not be protected as a compilation under 17 U.S.C. § 103, because "it could be a compilation only if its elements existed independently and the ADA merely put them in order." 126 F.3d at 980. This requirement that the elements of a compilation must exist independently of the act of compilation cannot be reconciled with the statutory language, which states that a compilation is a collection or assembly of "preexisting materials *or of* data." 17 U.S.C. § 103 (emphasis added).

grounds. First, the design, ordering, and sorting of transmission parts in the catalog is almost identical to the McCarty catalog on which it was based. Second, even without the similarity of the two catalogs, the "commonplace," "practically inevitable" manner in which the parts are listed is insufficiently creative to merit protection.

The ATC catalog and the McCarty catalog are similar in many ways. For example, both catalogs contain tables showing the transmission type and page number for each model of vehicle. In addition, both begin the listings for each transmission with an illustration of the parts for that transmission. These copied aspects of the catalog are ineligible for copyright protection. *See Feist,* 499 U.S. at 358. As the district court acknowledged, however, there are differences between the two catalogs in the manner in which the transmission parts for each transmission type are listed. ATC's catalog lists the parts in different categories than does the McCarty catalog, and describes the parts differently. The district court dismissed these differences as negligible, and found that the entire catalog was copied from the McCarty catalog; but this conclusion begs the question whether the way in which ATC arranges [7] the transmission parts is sufficiently creative to constitute an original compilation. If not, then the catalog is not protected by copyright whether it was copied or not. If so, then the differences between the catalogs can hardly be described as negligible given that the one aspect in which

[7] The selection of data is not an issue in this case. Unlike, for example, the selection of nine particular pitching statistics on a form intended to allow baseball fans to predict the outcome of games, *see Kregos v. Associated Press,* 937 F.2d 700, 704 (2d. Cir. 1991), ATC included in its catalog every transmission part available.

they differ is sufficient to make the ATC catalog a protected compilation.

For the most part, cases considering the originality of data selection in purported compilations confirm that the creativity bar has been set extremely low. *See, e.g., Publ'ns Int'l v. Meredith Corp.*, 88 F.3d 473, 481 (7th Cir. 1996) (order and arrangement of uncopyrighted recipes is sufficiently creative to constitute original compilation); *CCC Info. Servs., Inc. v. MacLean Hunter Mkt. Reports, Inc.*, 44 F.3d 61, 67 (2d Cir. 1994) (sufficient creativity displayed in collection of used car values when compiler divided the used car market into geographical regions, selected optional features for inclusion, adjusted for mileage in 5,000 mile increments (rather than, say, 7,000), used the abstract concept of the "average vehicle" as the subject of a valuation, and decided how many years' models to include in the guide). The ATC catalog does not even have this minimal level of creativity, however, because the only aspect of the catalog that differs from the McCarty catalog is the choice of headings and arrangement of the parts into categories – two minor differences that we have previously held to be insufficiently creative to justify copyright protection. In *J. Thomas Distributors v. Greenline Distributors,* No. 95-2100, 1996 U.S. App. LEXIS 29035, 1996 WL 636138 (6th Cir. October 31, 1996) (unpublished opinion), we held that a catalog that featured additional subheadings and a rearranged sequence of information was, while "organized in a manner unknown to the industry prior to its publication," and "perhaps original," nonetheless "typical, if not inevitable," and lacking in the "requisite creativity for copyright protection." *See* 1996 U.S. App. LEXIS 29035, at *3-*4. To be sure, ATC could have arranged the parts information in

other ways that were potentially less clear or useful, but this fact alone is insufficient to demonstrate the creativity necessary for copyright protection. *See BellSouth Adver. & Publ'g Corp. v. Donnelley Info. Publ'g, Inc.*, 999 F.2d 1436, 1443 (11th Cir. 1993) ("The relevant inquiry [for copyright purposes] is not whether there is some imaginable, although manifestly less useful, method of arranging business telephone listings."). ATC's catalog is not eligible for copyright protection as a compilation.

2. Illustrations.

There are two aspects of the catalog illustrations that could potentially receive copyright protection: the illustrations themselves, and the arrangement of the illustrations in the order in which a transmission is assembled or disassembled.

The illustrations in the catalog are hand-drawn sketches of transmissions parts, copied from photographs cut out of competitors' catalogs. A reproduction of a work of art or photograph in a different medium is copyrightable in principle, if it involves "great skill and originality," *Alva Studios, Inc. v. Winninger,* 177 F. Supp. 265, 267 (S.D.N.Y. 1959), or "substantial variation, not merely a trivial variation such as might occur in the translation to a different medium," *L. Batlin & Son v. Snyder,* 536 F.2d 486, 492 (2d Cir. 1976). Mere "sweat of the brow," however, is insufficient to render a copy eligible for copyright protection. *Feist,* 499 U.S. at 352-61. Nor is the mere demonstration of physical skill or special training. *L. Batlin & Son,* 536 F.2d at 491. The illustrations in ATC's catalog fall far short of the "substantial variation" required to justify copyright protection. The illustrations

were intended to be as accurate as possible in reproducing the parts shown in the photographs on which they were based, a form of slavish copying that is the antithesis of originality. *See J. Thomas Distribs.*, 1996 U.S. App. LEXIS 29035, at *5 ("Plaintiff's spindle bearing was drawn with the express intention of duplicating on paper the appearance of an actual spindle bearing. Its reproduction involved absolutely no creative spark whatsoever.").

Nor is the arrangement of the illustrations sufficiently original to merit copyright protection. As the district court noted, the idea of displaying technical drawings in the order of assembly or disassembly "may be original to the transmission parts industry but it is otherwise unoriginal. If anything, it moves the illustrations farther into the category of works unprotected by copyright because they represent nothing but a compilation of facts in a realistic manner." *See Sparaco v. Lawler, Matusky & Skelly Eng'rs LLP*, 303 F.3d 460, 462 (2d Cir. 2002) (holding that aspects of a site map that simply depict the site as it exists are unprotected by copyright). If a selection or arrangement of otherwise unprotected facts or content is "so mechanical or routine as to require no creativity whatsoever," or "practically inevitable . . . and time-honored," it cannot be protected by copyright. *Feist*, 499 U.S. at 362-63. "The standard of originality is low, but it does exist." *Id.* at 362. Hence, in *J. Thomas Distributors*, we held that "cut away drawings like plaintiff's drawing of the spindle bearing are common in mail order catalogs in the industry. Plaintiff's inclusion of the drawing in its catalog is entirely unoriginal. In essence, the drawing is neither original nor creative. Therefore, copyright law provides it no protection." 1996 U.S. App. LEXIS 29035, at *5-*6. Like those spindle drawings, ATC's arrangement of its illustrations to

depict the process of transmission assembly or disassembly is unoriginal and therefore unprotected by copyright.

3. Manual.

ATC complains that the district court failed to address the claim that its Numbering System Manual was protected by copyright. This is true, but understandable. Despite the rather grandiose title ATC gives this document, presumably with the intention of evoking *Baker v. Selden*'s holding that an explanation of how to use an otherwise unprotected system may itself be protected, *see* 101 U.S. 99, 104, 25 L. Ed. 841, 1880 Dec. Comm'r Pat. 422 (1880), the materials ATC describes in this way are nothing more than an index-like list of all the part numbers and categories of parts in the catalog, which ATC acknowledges to be a quick reference guide for ATC employees. This index does not explain the parts numbering system, but simply compiles the list of parts numbers in an unimaginative way. As such, the manual is no more copyrightable than the catalog for which it serves as a quick reference.

B. Preemption.

As the district court correctly noted, ATC's state law claims alleging the appropriation by Appellees of ATC's intellectual property rights in its catalog, part numbers, or illustrations are preempted by federal copyright law because (1) those works are within the scope of the subject matter of copyright, as specified in 17 U.S.C. §§ 102, 103, and (2) the rights ATC asserts under state law are equivalent to the exclusive rights under federal copyright law set out in 17 U.S.C. § 106. *Wrench v. Taco Bell Corp.*, 256 F.3d

446, 453 (6th Cir. 2001). The fact that none of these works are eligible for copyright protection under federal law does not preclude the preemption of ATC's state law claims. "As long as a work fits within one of the general subject matter categories of sections 102 and 103, the bill prevents the States from protecting it even if it fails to achieve Federal statutory copyright because it is too minimal or lacking in originality to qualify, or because it has fallen into the public domain." *NBA v. Motorola, Inc.*, 105 F.3d 841, 849 (2d Cir. 1997); *see also ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1453 (7th Cir. 1996) ("One function of § 301(a) is to prevent states from giving special protection to works of authorship that Congress has decided should be in the public domain, which it can accomplish only if 'subject matter of copyright' includes all works of a type covered by sections 102 and 103, even if federal law does not afford protection to them."); *cf. Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 156, 103 L. Ed. 2d 118, 109 S. Ct. 971 (1989) (same principle under patent laws).

Three of ATC's state law claims are entirely or partially preempted by federal copyright law. The unfair competition claim is completely preempted by federal law because the only basis for this claim was Appellee's alleged misappropriation of ATC's part numbers.[8] The district court's grant of summary judgment in favor of Appellees on that claim was therefore appropriate. ATC's unjust enrichment and misappropriation claims are also preempted insofar as they rely

[8] ATC attempts on appeal to expand its unfair competition claim to include other allegations in addition to the misappropriation of its part numbers. These allegations may not be made for the first time on appeal. *See St. Marys Foundry, Inc. v. Employers Ins. of Wausau*, 332 F.3d 989, 995-96 (6th Cir.2003).

on Appellee's appropriation or use of the catalog, part numbers, and illustrations.

We affirm the district court's grant of summary judgment on ATC's unjust enrichment claim on the basis of federal preemption alone, because although Appellees' use of ATC's intellectual property was not the only basis for the unjust enrichment claim, ATC limits its appeal of that claim to the preemption issue, and has therefore waived any other potential objections to summary judgment. *See Robinson,* 142 F.3d at 906.

ATC's misappropriation claim was properly dismissed on preemption grounds insofar as it rested on Appellees' alleged misappropriation of the catalog, part numbers, and illustrations. That claim was not preempted by federal law with regard to Appellees' alleged misappropriation of ATC's trade secrets.

C. Misappropriation of trade secrets.

ATC claims that Appellees misappropriated trade secrets by taking with them, when they left the employ of ATC, customer lists and certain financial information, such as accounts receivable data. The district court declined to grant summary judgment on this claim as it related to the misappropriation of the financial information. The district court did grant summary judgment in favor of Appellees on the claim that they misappropriated ATC's customer lists, on the ground that those lists were not trade secrets under Kentucky law. We agree with the district court.

Kentucky courts have never addressed whether the Kentucky Uniform Trade Secrets Act protects customer

lists. The Kentucky Act, like other statutes based on the Uniform Trade Secrets Act, defines a trade secret as information that, among other things, derives economic value "from not being generally known to, and not being readily ascertainable by proper means by, other persons who can readily obtain economic value from its disclosure or use." *See* Ky. Rev. Stat. Ann. § 365.880 (Michie 2002). In determining whether information is readily obtainable by proper means, courts generally distinguish between, on one hand, lists of customers "discoverable only through extraordinary efforts and . . . through many years' expenditure of time and money," such as purchasers of HIV medications who value confidentiality, *see In re Am. Preferred Prescriptions v. Health Mgmt., Inc.*, 186 B.R. 350, 356 (Bankr. E.D.N.Y. 1995), or the purchasers of unusual goods or services not generally known to an industry at large, *see Morlife v. Perry*, 56 Cal. App. 4th 1514, 66 Cal.Rptr. 2d 731, 735 (Cal. App. 1997), and, on the other hand, lists of customers whose identities as purchasers of a given type of product may be obtained through such legitimate channels as telephone books, the internet, or by calling local businesses, *see, e.g., UBS PaineWebber, Inc. v. Aiken*, 197 F. Supp. 2d 436, 447 (W.D.N.C. 2002) (customer list not trade secret under statute almost identical to Kentucky Act despite attempts at secrecy, because information was readily available through independent development); *Novacare Orthotics & Prosthetics v. Speelman*, 137 N.C. App. 471, 528 S.E.2d 918, 922 (N.C. App. 2000) (customer list not trade secret because information used to contact customers was "easily accessible to defendant through a local phone book"). As the district court found, ATC can point to no evidence that the identities of transmission parts customers contained on its customer list was obtained through great effort or

expense, or that the names on the list were not discoverable from a telephone book or similar legitimate source. Even the name of the person at each transmission shop responsible for buying parts, to which ATC ascribes great importance, can be ascertained simply by calling each shop and asking.

D. Breach of fiduciary duty.

The district court granted summary judgment in favor of the North Carolina Defendants on this claim, on the ground that they did not owe a fiduciary duty to ATC because "the ordinary employer-employee relationship that existed between the North Carolina Defendants as salespeople and ATC does not give rise to fiduciary duties under Kentucky law."[9] Because the district court concluded that the status of the North Carolina Defendants as salespeople precluded their having fiduciary duties to ATC, it did not consider ATC's claims that those Defendants did in fact have fiduciary duties to ATC because they were in positions of trust at ATC, and had access to confidential information and trade secrets.

There is no *per se* rule in Kentucky that a "mere" salesperson cannot owe a fiduciary duty to his or her

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[9] The district court found that Kentucky law applies to all of the common law claims made against the North Carolina Defendants. Appellees argue on appeal that North Carolina law should apply to those claims, but acknowledge that "this error . . . was harmless, as North Carolina and Kentucky law are nearly (if not) identical in regard to the claims brought against the Carolina Defendants." (N.C. Defs.' Br. at 24.) Given this concession, and the fact that our resolution of the claims against these defendants would not change if we applied North Carolina law, we decline to address this issue.

employer. *See Stewart v. Ky. Paving Co.*, 557 S.W.2d 435, 438 (Ky. 1977) (finding that a salesperson had a fiduciary duty to his employer because "the ties Stewart had to the management of Kentucky Paving Company placed him in a position of trust and permitted him access to confidential corporate information."). Under Kentucky law, a fiduciary relationship requires a relationship "founded on trust or confidence reposed by one person in the integrity and fidelity of another and which also necessarily involves an undertaking in which a duty is created in one person to act primarily for another's benefit in matters connected with such undertaking." *Steelvest, Inc. v. Scansteel Serv. Ctr., Inc.*, 807 S.W.2d 476, 485 (Ky. 1991).

The district court dismissed *Stewart* as finding a fiduciary duty "only under an unusual factual situation," but did not specify what in particular it deemed unusual about that situation. The district court attempted to demonstrate a contrary rule, (presumably covering less unusual factual situations), by citing *Steelvest* for the proposition that a company officer had a fiduciary duty to his employer because he was more than a "mere employee," 807 S.W.2d at 483, and *Aero Drapery of Ky., Inc. v. Engdahl, Ky.*, 507 S.W.2d 166 (1974), as "upholding judgment in favor of salespeople in [a] breach of fiduciary claim." Neither of these cases is sufficient to generate the rule on which the district court seeks to rely, namely that, absent unusual circumstances, one's status as a salesperson precludes a fiduciary relationship. *Steelvest* simply notes that, unlike "mere" employees, officers of a company may be *presumed* to have a fiduciary relationship to the company on that basis alone, while *Aero Drapery* simply affirms a judgment in favor of a salesperson without giving any reasons for that decision. The fact that the

salesperson in question had that particular position may well have had nothing to do with the lower court's judgment in his favor. *See Stewart*, 557 S.W.2d at 438 ("The [*Aero Drapery*] opinion did not reveal the duties and the nature of a salesman within the corporate structure of Aero Drapery but merely concluded without setting forth the reasons that there was no fiducial duty between this particular salesman and the corporation."). While it is not clear that the evidence put forth by ATC of the North Carolina Defendants' alleged positions of trust and access to confidential information would suffice to prove that they had fiduciary duties to ATC, the district court's grant of summary judgment in favor of Appellees cannot be sustained solely on the basis of its conclusion that such evidence need not even be considered.

Summary judgment in favor of Appellees was appropriate nonetheless, because ATC adduced no evidence that any of the North Carolina Defendants acted in a way that would constitute a breach of any fiduciary duty they might have had to ATC. The only alleged breaches of duty by the North Carolina Defendants that were alleged by ATC before the district court were (1) holding a clandestine meeting to plan for the opening of WITT, and (2) stealing trade secrets from ATC on behalf of WITT.[10] ATC offers no explanation why ordinary employees of a company may

[10] On appeal, ATC alleges that the North Carolina Defendants committed other breaches along with Hester, including planning the opening of the Charlotte branch of WITT while they were still employed by ATC, soliciting ATC employees on behalf of WITT, and securing a building for WITT, but these allegations were previously directed only at Hester. These claims may not be directed towards the North Carolina Defendants for the first time on appeal. *See St. Marys Foundry*, 332 F.3d at 995-96.

not meet with each other, openly or "clandestinely," to plan for the opening of a rival company for which they would rather work. Nor does ATC explain why taking accounts receivable information – the only information that could possibly be deemed a trade secret – constitutes a breach of fiduciary duty absent any evidence that either the North Carolina Defendants, who were all salespeople, not accountants, or anyone else actually used the accounts information in question. Taking accounts information that is never used by anyone may constitute unlawful misappropriation, but it is not a breach of fiduciary duty.

E. Trade defamation.

The basis of ATC's defamation claim in the district court was a series of statements made by North Carolina Defendants Leech and Litchfield in letters to prospective customers, such as the explanation of their departure from ATC, and Hester's formation of WITT, as being prompted by "seeing and hearing all of his customers and ex-employees complain and suffer over things that should never have happened."

In Kentucky, defamation is divided into two categories, defamation *per se* and defamation *per quod*. *CMI, Inc. v. Intoximeters, Inc.*, 918 F. Supp. 1068, 1083 (W.D. Ky. 1995). The district court correctly concluded that ATC could not recover for defamation *per quod*, because it presented no evidence of any pecuniary loss as a direct and proximate result of the defamation. *Ibid.* (citing *Sweeney & Co. v. Brown*, 249 Ky. 116, 60 S.W.2d 381, 383 (Ky. 1933)). The district court was also correct in holding that Appellees' statements did not rise to the level of libel *per se*, because they did not expose ATC to "public hatred,

ridicule, contempt or disgrace, or [] induce an evil opinion of [ATC] in the minds of right-thinking people," as is required under Kentucky defamation law. *Columbia Sussex, Inc. v. Hay,* 627 S.W.2d 270, 274 (Ky. Ct. App. 1981). Furthermore, "if a business is damaged, the damage is usually reflected in the loss of revenues or profits," and thus "courts should be very cautious about labeling as defamation *per se* comments made about a corporation or its products." *CMI,* 918 F. Supp. at 1084. Therefore, we will not disturb the district court's findings on the issue of trade defamation.

F. Intentional interference with business relations.

ATC claims that all of the Appellees interfered with actual and prospective contracts between ATC and other companies. The district court applied the seven-factor test of improper interference set forth in the Restatement (Second) of Torts, and found that none of the Appellees' behavior had risen to the level of intentional interference with business relations. *See Nat'l Collegiate Athletic Ass'n v. Hornung,* 754 S.W.2d 855, 857-58 (Ky. 1988) (holding that Restatement factors fairly reflect Kentucky law regarding interference with prospective contract).[11] ATC appeals this decision with regard to the North Carolina Defendants and Hester.

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[11] The Restatement factors are: (a) the nature of the actor's conduct; (b) the actor's motive; (c) the interests of the other with which the actor's conduct interferes; ~~(d)~~ the interests sought to be advanced by the actor; (e) the social interests in protecting the freedom of action of the actor and the contractual interests of the other; (f) the proximity or remoteness of the actor's conduct to the interference; and (g) the relations between the parties. Restatement (Second) of Torts § 767.

In *Steelvest,* the Kentucky Supreme Court stated that:

> Under Kentucky law, tort liability exists for the interference with a known contractual relationship, if the interference is malicious or without justification, or is accomplished by some unlawful means such as fraud, deceit, or coercion. We would presume to place the breach of fiduciary relationship on an equal par with fraud and deceit. Accordingly, we determine, as a matter of law, that a breach of a fiduciary duty is equivalent to fraud.

807 S.W.2d at 487. The district court properly granted summary judgment on this claim in favor of the North Carolina Defendants, because there is no evidence in the record of either the malice or unjustified conduct required to prove intentional interference. As the district court correctly noted, simply attempting to advance one's own legitimate economic interests at the expense of another's interests does not constitute malice. *See Hornung,* 754 S.W.2d at 859.

In light of *Steelvest,* the district court's holding that any interference with business relations committed by Hester did not rise to the level of an intentional tort cannot be reconciled with the district court's refusal to find for summary judgment purposes that Hester did not breach a fiduciary duty to ATC. Insofar as there remains a material issue of fact about Hester's breach of duty, there must also exist a material question of fact as to whether any inference with ATC's contracts ascribed to Hester was intentional. This is not to say, though, that summary judgment was inappropriate. Because the district court concluded that neither party's conduct rose to the level of

an *intentional* tort, it did not address whether Hester actually interfered with ATC's business relationships in the first place. In fact, ATC has not produced any evidence of such interference. The only conduct by Hester that ATC has consistently alleged to constitute interference is his misappropriation of trade secrets.[12] ATC has not produced any evidence that Hester's appropriation and use of those secrets adversely affected its relationships with any actual or potential customers. Therefore, we affirm the district court's grant of summary judgment in favor of Hester.

III

For the reasons set forth above, we AFFIRM the district court's order in its entirety.

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[12] In its complaint, ATC alleged that Hester interfered with its business relationships by misappropriating and using its trade secrets, and that WITT and Hester also did so by interfering with ATC's relationship with Charles Bowman, one of the North Carolina Defendants. The allegation concerning Bowman is not made on appeal, and is therefore waived. *See Robinson,* 142 F.3d at 906. On appeal, ATC repeats its claim that Hester misappropriated its trade secrets, and also alleges for the first time that Hester interfered with its business relations by forming WITT while still an officer of ATC, and telling ATC customers of that intention. These latter claims are impermissibly raised for the first time on appeal. *See St. Marys Foundry,* 332 F.3d at 995-96.

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 02-1243

SOUTHCO, INC.,

Appellant

v.

KANEBRIDGE CORP.

Present: SCIRICA, *Chief Judge*, SLOVITER, NYGAARD, ALITO, ROTH, McKEE RENDELL, BARRY, AMBRO, FUENTES, SMITH, CHERTOFF and BECKER, *Circuit Judges*.

ORDER

The Court has determined that it will hear argument on those issues involving the merits of the case only, in particular, copyrightability and the fair use doctrine. As such, if the parties wish to supplement their existing arguments on these issues, they may file letter briefs consisting of no more than 15 pages. Any letter briefs should be filed and served no later than 2 p.m. on Tuesday, October 1, 2003. The parties are advised that copies of the briefs from the previous appeal, *Southco, Inc. v. Kanebridge Corp.*, No. 00-1102, have been distributed to the Court.

To the extent applicable, the issue of law of the case will be taken up on the briefs.

BY THE COURT:

/s/ Anthony J. Scirica
Chief Judge

DATED: Sep. 18, 2003

[DMM/ARL/CC: JCM; ARS; MSD; SHC; SBP]

PRECEDENTIAL

Filed April 25, 2003

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 02-1243

SOUTHCO, INC.,

Appellant

v.

KANEBRIDGE CORP.

On Appeal from the United States District Court
For the Eastern District of Pennsylvania
District Judge: Norma L. Shapiro
(D.C. Civil Action No. 99-cv-04337)

Present: BECKER, *Chief Judge*, SLOVITER, SCIRICA, NYGAARD, ALITO, ROTH, McKEE, RENDELL, BARRY, AMBRO, FUENTES, and SMITH, *Circuit Judges*.

ORDER

A majority of the active judges having voted for rehearing *en banc* in the above appeal, it is ORDERED that the Clerk of this Court list the above case for rehearing *en banc* at the convenience of the Court.

BY THE COURT:

/s/ Edward R. Becker
Chief Judge

DATED: April 25, 2003

Supreme Court, U.S.
FILED
JUL 5 - 2005
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No. 04-1459

IN THE

Supreme Court of the United States

SOUTHCO, INC.,

Petitioner,

v.

KANEBRIDGE CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Is it appropriate for the Court to grant certiorari on the issue of the copyrightability of digital works when the record below is utterly devoid of any mention of this issue?

2. Does a nine-digit numerical part number which is not capable of behavior when processed qualify as a digital work?

3. Does a nine-digit part number automatically generated by a numbering system, which uses inflexible rules to mechanically produce a digit or group of digits based on a part's attributes, demonstrate any spark of creativity?

4. Does a ruling that denies copyright to part numbers based on their analogousness to the lack of creativity inherent in short phrases threaten the copyright protection of works created in the future?

RULE 29.6 DISCLOSURE STATEMENT

Respondent, Kanebridge Corporation, has no parent corporation and no publicly held company owns 10% or more of its stock.

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INTRODUCTION

In addition to presenting arguments for denying certiorari, this brief addresses the misstatements of fact and law asserted by Southco, namely that Southco's part numbers are digital works and that Southco can introduce the issue of digital works at this late stage of the case.

Nowhere in the record of either the District Court or in the appellate record of *Southco I*,[1] *Southco II*,[2] *or Southco III*[3] are the nine-digit part numbers in issue referred to, identified as, or discussed as, a "digital work." Nowhere in the record of either the District Court or in the appellate record of *Southco I*, *Southco II*, *or Southco III* does Southco raise the argument that a nine-digit part number is analogous to a digital work or would implicate the protection accorded to digital works.[4]

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1. *Southco, Inc. v. Kanebridge Corp.*, 258 F.3d 148 (3d Cir. 2001) (order reversing District Court's grant of preliminary injunction).

2. *Southco, Inc. v. Kanebridge Corp.*, 324 F.3d 190 (3d Cir. 2003) (order reversing District Court's grant of summary judgment).

3. *Southco, Inc. v. Kanebridge Corp.*, 390 F.3d 276 (3d Cir. 2004) (en banc) (decision affirming District Court's grant of summary judgment from which Southco now appeals).

4. Kanebridge does not dispute the "Opinions and Orders Below" or "Jurisdiction" statements made by Southco in its Petition for a Writ of Certiorari.

STATEMENT OF THE CASE

In its original complaint, Southco alleged that Kanebridge infringed on its copyright by making references to its nine-digit part numbers. These numbers are derived from Southco's numbering system, which uses pre-formulated rules to automatically generate a number to represent the obvious attributes of Southco's hardware. App. at 82-83. Kanebridge's cross-reference to these part numbers apprised consumers of a lower-cost alternative to Southco's parts. App. at 4.

The District Court issued a preliminary injunction against Kanebridge on the grounds that Southco's numbering system evinced creativity and effort, and was sufficiently original to meet the requirements for copyright protection. App. at 58. The Third Circuit Court reversed the District Court's decision, finding that the District Court had made a serious mistake in failing to distinguish between Southco's part numbers and its numbering system. App. at 74. Because Southco was looking to protect its part numbers, not its numbering system, and because the Third Circuit could not find even a spark of creativity in the part numbers, the grant of a preliminary injunction was reversed. App. at 75.

Upon remand to the District Court, Kanebridge's motion for summary judgment was granted, notwithstanding Southco's submission of a declaration from Robert H. Bisbing as new evidence. When the case reappeared before the Third Circuit, Southco prevailed, primarily because of the procedural errors made by the District Court in automatically adhering to *Southco I* and not giving the new evidence its due consideration. App. at 98-101.

In the *en banc* decision that Southco now appeals, the Third Circuit determined that the Bisbing declaration did not indicate a sufficient level of creativity within the product numbers to grant them copyright protection. It separately found that the numbers qualified as short phrases, and if awarded protection, would establish a "principled basis" for the copyrightability of many other analogous numbers. The *en banc* court was not willing to extend such protection because it would require the numerous users of these numbers to assert fair use defenses. App. at 20.

REASONS FOR DENYING THE PETITION

I. Petitioner's "Digital Works" Issue Has Not Been Presented Before This Appeal.

It is a long-standing rule that issues and arguments should only be heard on appeal if a lower court has "pressed or passed upon" them. *United States v. Williams*, 504 U.S. 36, 41 (1992). An issue or argument is "pressed or passed upon below" when the record reflects that it has been raised or decided. This rule exists to ensure that an appellate court has had the benefit of a full record or lower court determination when reviewing and examining the facts of a given issue. 19 James Wm. Moore et al., Moore's Federal Practice § 205.05 (3d ed. 2005).

In its Petition for Certiorari, Southco presents for the first time a claim that its part numbers are "digital works" entitled to copyright protection. Pet. at 4. Use of the term "digital works" is not a mere exercise of word choice that raises a question of semantics. Instead, this term introduces a novel, broader spectrum of issues and requires the Court to familiarize itself with facts and standards that are absent

from the record. Southco argues that the term "part numbers" is misleading, as the digits used in Southco's part numbers are not "numbers as such," but rather have "only symbolic value." *Id.* Even assuming, for purposes of this argument, that these part numbers serve as symbols, the record is devoid of any basis for demonstrating why part numbers should be included in the family of digital works and granted the copyright protection that such membership may afford.

II. The Third Circuit's *En Banc* Decision Will Not Pose A Challenge To Existing Copyright Protection.

Southco warns that *Southco III*, if upheld, will allow for the comprehensive denial of copyright protection for all "digital works of nine or fewer digits, however creative; and works of any length which are produced by the rules of a system." Pet. at 6. However, the defects in Southco's argument mitigate the gravity of this warning. Southco's characterization of its part numbers as digital works reflects a gross misunderstanding of the essential attributes of digital works. Furthermore, Southco supports this erroneous argument based upon digital works by conflating the issues that *Southco III* names as two distinct bases upon which to deny copyright protection—the absence of even a spark of creativity and the part numbers' analogousness to short phrases. App. at 13-14; App. at 19-21.

A. The Third Circuit's *En Banc* Treatment of Southco's Part Numbers Does Not Apply to "Digital Works," As These Part Numbers Do Not Qualify As "Digital Works."

The crux of Southco's argument is the copyright protection of digital works, yet Southco cannot establish that the part numbers it seeks to protect are digital works. Although Southco never defines what it considers to be a "digital work," it appears that its part numbers are in *numerical*, not digital, format. The link between part numbers and digital works is nonexistent. Although the term "digital works" has yet to be rigorously defined, analysis of existing legal and scientific scholarship demonstrates that digital works do not encompass part numbers solely because they are "digits" which happen to have symbolic value. For example, the ABA Section of Intellectual Property Law proposes the following definition of "digital works" for copyright purposes: "literary works consisting of an ordered set of symbols selected from a discrete alphabet, such as a computer program or knowledge [structure], *that are capable of behavior when processed.*" (emphasis added). 1996 ABA Sec. Intellectual Property Law Rep. 520. Consistent with this definition of "digital works," the Copyright Act defines "computer program" as "a set of statements or instructions to be used directly or indirectly in a computer to bring about a certain result." 17 U.S.C. § 101 (2005).

Southco's part numbers are not a program or other set of instructions that can command a computer to perform a given set of operations. Rather, they are purely static representations of the attributes of Southco's products, presented in numerical, not digital, format. As such, Southco's numbers are not digital works, and any construction of "digital works" which would encompass these part numbers would be strained and contrary to this term.

Southco cites computer object code as an example of a number "analogous" to one of its part numbers in an attempt to show the perilous effect that *Southco III* would have upon well-established copyright protection. This analogy evinces Southco's failure to appreciate that the copyrightability of object code in a computer program is a unique exception to the uncopyrightable subject matter set forth in § 102(b) of the Copyright Act. This exception, codified in the 1980 Amendment to § 101, was designed specifically to encourage the creation of software, per the recommendation of the National Commission on New Technological Uses of Copyrighted Works. 17 U.S.C. § 101-02 (2005); *Final Report of the National Commission on New Technological Uses of Copyrighted Works* 12 (1978). Furthermore, as an exception to § 102(b), the Copyright Office gives special treatment to computer program object code that would be inapplicable to Southco's product numbers.

The exception made for object code contained in a computer program stems from its role within the computing framework. If a computer is to understand a program, a compiler must translate the human-readable source code into object code. Lee A. Hollaar, *Legal Protection of Digital Information* 122-23 (BNA Books 2002). To construe object code as a translation or derivative of source code could enable the author of a compiler to exert copyright control over any compiled object code. Because consumers purchase and use software in the form of object code fixed in memory, such as a CD-ROM or server, this arrangement would deprive source code authors of the ability to market their product independently (even if they have copyrighted their source code), and would thwart Congress' intention to encourage creative computer programming. To prevent compiler authors from acquiring extensive control over source code authors'

ability to sell their products, the Copyright Office has determined that object code and source code are legally indistinguishable for the purposes of copyright protection, despite their obvious technological differences. Mathias Strasser, *A New Paradigm in Intellectual Property Law? The Case Against Open Sources*, 2001 Stan. Tech. L. Rev. 4.

It is also unavailing for Southco to state that its part numbers and computer object code are both produced through the mechanical application of fixed rules. Object code cannot be viewed as analogous to part numbers, as the copyrightability of object code is based on a legislative exception unique to object code. *Id.* The special circumstances justifying copyright protection for object code are nonexistent in the instant case. There is no second party contribution of originality to the generation of Southco's part numbers that would diminish Southco's ability to market its product. Moreover, Southco's number-generating process does not include a copyrightable counterpart to the creative source code which provides the copyright hook for object code. Finally, contrary to Southco's assertion that object code would be treated differently based on the *Southco III* rationale, the number generating process and the originality of part numbers is analogous to a compiler, which does not impart any originality sufficient to support copyright protection. *Id.* Like the compiler, which does not make any legally significant contribution of originality to object code, Southco's numbering system does not impart a sufficient level of originality.

B. The Third Circuit's *En Banc* Denial Of Copyright Protection Rests Solidly On The "Creative Spark" Test Established In *Feist.*

Southco mischaracterizes the Third Circuit's *en banc* opinion regarding works produced by the rules of a system. In perfect accordance with the widely accepted idea/expression test for copyrightability, *Southco III* examined the expression to be copyrighted—Southco's product numbers—for the requisite level of creativity. *Feist Publ'ns v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361-63 (1991). Part II, Section B of *Southco III* states the results of the Third Circuit's analysis twice, finding that the part numbers are not entitled to copyright protection because they are the result of "a mechanical application of the rules and do not reflect even a spark of creativity," App. at 13-14, and were "mechanically produced by the inflexible rules of the Southco system." App. at 17.

The mere involvement of "rules of a system" in Southco's process is neither the focus of the inquiry in *Southco I* or *Southco III*, nor a justification for the denial of copyright protection; rather it is the lack of creativity within Southco's product numbers upon which the Third Circuit rested its conclusion. Nothing threatens or implicates the protection of rule-based works when the requisite amount of creativity in the work is present.

Accordingly, Southco's assertion that the *Southco III* opinion conflicts with past precedent is without merit. In *Southco I*, the Third Circuit correctly analyzed *Toro Co. v. R&R Products Co.*, 787 F.2d 1208 (8th Cir. 1986), *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366 (10th Cir. 1997), and *American Dental Ass'n v. Delta Dental Plans Ass'n*, 126 F.3d

977 (7th Cir. 1997), and highlighted the relevant distinctions between the works in those cases and Southco's product numbers. None of these cases lends support to Southco's suggestion that digital works are implicated by the instant case.

C. It Is Improper To Extend To Digital Works The Third Circuit's *En Banc* Holding That Part Numbers Are Too Analogous To Short Phrases To Grant Southco Its Requested Copyright Protection.

As an additional basis for denying copyright protection, the Third Circuit's *en banc* opinion determined that "[Southco's part numbers] are analogous to short phrases or the titles of works." App. at 18. From this statement, Southco erroneously arrives at a categorical prohibition of copyright protection for "digital works of nine or fewer digits, however creative". Pet. at 6. In actuality, *Southco III* only addresses the application of the long-standing short phrases regulation to "*part and product numbers (and other analogous numbers)*." App. at 20 (emphasis added). Indeed, the Third Circuit's *en banc* holding and analysis are limited to the fact that numbers such as the ones at issue are very commonly used; as such, copyright protection would impose an impermissibly heavy burden of proving fair use upon anyone who happens to use these numbers or any portion thereof. App. at 19-20.

Also, the analogous relationship between Southco's part numbers and short phrases that serves as the backbone of the *Southco III* reasoning does not exist between digital works and short phrases. The numbers that appear in digital works and the numbers that serve to identify products and parts are completely different with respect to the functions that they serve and the practical consequences they bring about when

copyrighted. For this reason, Southco's interpretation of *Southco III* is erroneous, as it seeks to extend the Third Circuit's *en banc* position on part and product numbers to the combination of numerical instructions that comprise digital works, such as binary code.

CONCLUSION

Southco is procedurally precluded from introducing the issue of digital works at this late stage. Even assuming the Court decides to review the issue of digital works, Southco's part numbers simply do not qualify as digital works and therefore are not entitled to copyright protection on that basis. Furthermore, as numerical works, the part numbers are too lacking in creativity and too similar to short phrases to be copyrighted. The Third Circuit's *en banc* decision should stand, as it was the product of sound analysis using a standard idea/expression test for copyrightability and does not imperil the copyright protection of works created in the future.

For each of these reasons, the Petition for a Writ of Certiorari should be denied.

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In The

Supreme Court of the United States

SOUTHCO, INC.,

Petitioner,

v.

KANEBRIDGE CORPORATION,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Third Circuit

REPLY BRIEF IN SUPPORT OF PETITION

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I. OBJECT CODE WAS SQUARELY BEFORE THE THIRD CIRCUIT WHEN THE "MECHANICAL APPLICATION" FORMULA WAS FIRST ENUNCIATED

Kanebridge's assertion, that Southco has not before now presented the claim that its part numbers are entitled to copyright protection on the same basis as object code, is demonstrably incorrect. In Southco's first brief in the Court of Appeals in this case, in opposition to Kanebridge's appeal from the preliminary injunction, Southco spelled out in clear and unmistakable terms that its part numbers fell squarely within the category of copyrightable works of authorship comprising object code. A199-201; 205-207. Southco cited *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1249 (3d Cir. 1983), in which the string of 1's and 0's comprising object code was found to be copyrightable over the contention that its only use was to operate a computer. Southco also cited the decision in *Williams Electronics, Inc. v. Artic Inter., Inc.*, 685 F.2d 870 (3d Cir. 1982), in which the court rejected the contention that object code embodied in a computer chip could not be copyrightable. All but three of the other cases cited by Southco in support of its claim of copyrightability involved computer software. The majority opinion below undertook to distinguish *Whelan Assocs.*, but not on the basis that Southco's part numbers are not "digital works." A 17, n4. The "digital works" issue as propounded by Kanebridge was thus squarely before the Third Circuit.

II. THE THIRD CIRCUIT DECISION POSES A DIRECT CHALLENGE TO EXISTING COPYRIGHT PROTECTION: IT DOES NOT DISTINGUISH BETWEEN WORKS COMPRISED OF NUMBERS AND DOES NOT EXCLUDE COMPUTER OBJECT CODE

The Third Circuit has held Southco's nine-digit part numbers to be uncopyrightable on two separate grounds: because they are fewer than ten digits and because they are mechanically produced by the inflexible rules of the Southco system. A17. The first holding, by its terms, precludes copyright to a digital work of nine or fewer digits, whether it is object code or not. The second holding, by its terms, precludes copyright to a digital work, including object code, which is mechanically produced by the rules of a system. Although the relationship between Southco's part numbers and other digital works, including object code, had been squarely presented to the court, there is nothing in the Third Circuit opinion and nothing is offered by Kanebridge to provide any "principled basis" for excluding object code from either of the holdings of the Third Circuit in this case.

III. THE THIRD CIRCUIT HOLDINGS IN *SOUTHCO I* AND *SOUTHCO III* HAVE BEEN GENERALLY RECOGNIZED AS RELATED TO COMPUTER CODE

Kanebridge argues that certain cited authorities support its argument that "digital works" are limited to computer object code. The citations are inapposite. The 1996 ABA subsection report was never acted upon. None of the 1978 CONTU Report, the Hollaar treatise or the Stanford law review article suggest that object code is an

exception to the general scope of copyright protection. The 1980 Amendment to § 101 did not make object code copyrightable: that had been established in the 1976 Act which defined literary works to include numbers or numerical symbols. The 1980 Amendment simply defined "computer program" because it was inserted as a term in the concurrent amendment to § 117 to permit copying of a computer program as an essential step in its utilization in a computer.

Contrary to Kanebridge's argument, a number of authorities, both here and abroad, commenting on the Third Circuit's "mechanical application" ruling, have recognized its applicability to computer object code. The subject of computers and information technology was addressed under the title *Weak Database Protection in the United States?* in an article devoted entirely to the *Southco* case. David Bainbridge, *Weak Database Protection in the United States?,* IP & IT LAW 8.3(3) 12 August 2003 (LEXIS/UK Law Journals). The Southco case is also cited in the following articles concerning computer code: Jonathan Baird, *Symposium: Cyber Rights, Protection, And Markets: Database Cases Decided During the 106th Congress: Underprotection or Overprotection?*, 32 U. WEST. L. A. L. REV. 201, 203 (2001); Douglas L. Rogers, *Give The Smaller Players a Chance: Shaping the Digital Economy Through Antitrust and Copyright Law*, 5 MARQ. INTELL. PROP. L. REV. 13, 57, n.255 (2001); Corey W. Roush, *Database Legislation: Changing Technologies Require Revised Laws*, 28 DAYTON L. REV. 269, 278 (2002); Tara Zynda, *Ticketmaster Corp. v. Tickets.com, Inc.: Preserving Minimum Requirements of Contract On the the Internet*, 19 BERKELEY TECH. L. JOURN. 495, 500 (2004). The "short phrases" holding of the Third Circuit in *Southco III*, has also been recognized

as applying to computer programs. P.J. Pizzi, et al., *Idea v. Expression*, 233 N.Y. LAW JOURNAL, No. 34, Feb. 22, 2005: "'Short words' or encoded values within a computer program, for example, are apparently not protectable."

IV. THE THIRD CIRCUIT DECISION DOES NOT "REST SOLIDLY" ON THE "CREATIVE SPARK" TEST ESTABLISHED IN *FEIST*

The majority opinion in the Third Circuit did indeed state that Southco's part numbers do not reflect a "spark of creativity." But contrary to Kanebridge's argument, the Third Circuit did not base its decision upon the originality determination required by the Copyright Act or by the Supreme Court decision in *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340 (1991). It did so solely on the basis, not found in *Feist* or any prior copyright case, that they were "mechanically produced by the inflexible rules" of a system, A17, explaining that, because they were mechanically produced, it was "impossible for the numbers themselves to be original." A6.

In *Feist*, the Supreme Court examined the process by which the telephone directories were produced and concluded that the directories were not copyrightable, not because they had been mechanically produced by the printing process, but because there was no creativity in the process of selecting and organizing the information they contained. The court failed to find any underlying original mental conception, citing *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53 (1884). The Third Circuit made no assessment of the process of selecting and organizing involved in the creation of Southco's part numbers to determine if there was any original mental conception. The

Third Circuit decision thus does not "rest solidly" on the "creative spark" test established in *Feist*.

CONCLUSION

The Petition for a Writ of Certiorari should be granted.

DATE: July 19, 2005

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IN THE UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Docket No. 00-1102

SOUTHCO, INC.

v.

KANEBRIDGE CORP.

BRIEF OF APPELLEE SOUTHCO, INC.

Appeal from the January 12, 2000 Preliminary Injunction Order of the United States District Court for the Eastern District of Pennsylvania No. 00-1102

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* * *

2. Numbers Are Copyrightable Expression

It has long been held that numbers comprise copyrightable expression. In an early decision, Judge Learned Hand explored the copyrightability of abstract symbols, code words and the like and found them all to be capable of copyrightable expression. *Reiss v. National Quotation Bureau, Inc.*, 276 F. 717 (S.D.N.Y. 1921). In 1982, this Court pioneered the recognition of copyrightability of the two digits, 1 and 0, in computer software as copyrightable expression. In *Williams Electronics, Inc. v. Artic Intern., Inc.*, 685 F.2d 870, 877 (3d Cir. 1982), the Court sustained

a final injunction restraining infringement of the copyright in a computer program, rejecting the contention that the fixation of the subject matter in the object code embodied in a computer chip could not be copyrightable. The Court found support in the legislative history of the 1976 Copyright Act to the effect that:

> [I]t makes no difference what the form, manner, or medium of fixation may be – whether it is in words, numbers, notes, sounds, pictures or any other graphic or symbolic indicia. . . .

The Court reaffirmed the *Williams* decision in *Apple Computer, Inc. v. Franklin Computer Corporation*, 714 F.2d 1240, 1249 (3d Cir. 1983), *cert. dismissed*, 104 S.Ct. 690 (1984), holding that the category of literary works under the Copyright Act is not confined to great works of literature but includes expression "not only in words but also 'numbers, or other . . . numerical symbols or indicia,' thereby expanding the common usage of 'literary works'." The Court expanded its prior holdings in *Whelan Associates, Inc. v. Jaslow Dental Laboratory, Inc.*, 797 F.2d 1222 (3d Cir. 1986).[3]

Other Courts of Appeals have reached the same result regarding the copyrightability of numbers in the same and other contexts. In *CCC Information Services v. McClean Hunter Market Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994), the Court sustained the copyrightability of numbers in the form of used car valuations, and in *CDN Inc. v. Kapes*, 197

[3] Apparently the Government is uncomfortable with finding copyrightability in numbers but has elected not to challenge these cases. . . .

F.3d 1256 (9th Cir. 1999), the Court sustained the copyrightability of numbers in the form of price lists. The Ninth Circuit rejected the contention that the individual prices were not sufficiently original, holding them to be copyrightable because they were created and not merely found in the public domain as in *Feist Publications v. Rural Telephone Service Co.*, 499 U.S. 340 (1991).

Tables of numbers are copyrightable even where the numbers themselves are not created or codified. *Kregos v. Associated Press*, 937 F.2d 700, 708-711 (2d Cir. 1991) (see tables, *Kregos v. Associated Press*, 731 F. Supp. 113, 122-124 (S.D.N.Y. 1990), *University of Colorado Foundation, Inc. v. American Cyanamid*, 880 F. Supp. 1387, 1401-1402 (D. Colo. 1995), *Epic Metals Corporation v. Condec, Inc.*, 867 F. Supp. 1009, 1013-1014 (M.D. Fla. 1994), *Marshall & Swift v. BS & A Software*, 871 F. Supp. 952, 959 (W.D. Mich. 1994), *Applied Innovations, Inc. v. Regents of the University of Minnesota*, 876 F.2d 626, 634-635 (8th Cir. 1989).

3. The *Toro* And *Mitel* Cases Confirm The Copyrightability Of Southco's Part Numbers

The copyrightability of numbers and part numbers for manufactured goods was addressed in *Toro Co. v. R & R Products Co.*, 787 F.2d 1208 (8th Cir. 1986). In *Toro*, the Eighth Circuit held that the parts numbers in that case were uncopyrightable because they were nothing more than arbitrary numbers assigned on a random basis with no evidence of creativity. The court defined the basis upon which part numbers would be copyrightable by rejecting the parts numbers in that case as lacking "evidence that a particular series or configuration of numbers denoted a

certain type or category of parts or that the numbers used encoded any kind of information at all." *Id.* at 1213. The court explained that a system that uses symbols in some sort of meaningful pattern, by which one could distinguish effort or content, would be an original work.[4] *Cf. Gem Products, Inc. v. Robertshaw Controls Company*, 229 U.S.P.Q. 740 (D.C. Cal. 1986) cited by Kanebridge, an example of part numbers lacking an original manner of expressing ideas or an original arrangement of facts.

Kanebridge dwells at length on the *Mitel* case but overlooks several salient facts: *Mitel* adopted and followed the *Toro* decision, which Kanebridge condemns; *Mitel* found *single-digit* numbers to be copyrightable; and in *Mitel* as in *Toro*, the numbers found to be uncopyrightable were assigned entirely arbitrarily and at random.

In *Mitel*, the court found the registers uncopyrightable because the numbers were assigned arbitrarily at random or in sequence, and in response to no system whatever. The values in *Mitel* were found to be copyrightable however, even through single digits, because they were established according to a system.

The findings of the District Court in this case, based on uncontroverted testimony, is that *every* digit in each Southco part number is assigned according to a system created by Southco.

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[4] Surprisingly, Kanebridge devotes an entire section of its brief (III, B, 2, a) to criticizing the District Court for its reliance on *Toro*. It is surprising because Kanebridge cited the *Toro* case as authority for *its* position in its original Memorandum in Partial Opposition to the Preliminary Injunction Motion (A222).

Kanebridge wrongly argues that Southco's part numbers are no more original or less arbitrary than the registers and descriptions in *Mitel, Inc. v. Iqtel, Inc.*, 124 F.2d 1366 (10th Cir. 1997). The Southco part numbers are original on two different levels. First, a group of digits within a particular part number has a descriptive significance. Second, the sequence of the groups of numbers is original to Southco. Unlike the computer codes in *Mitel*, where the sequence of the codes was apparently dictated by the hardware the codes were required to operate, the sequence of the groups of digits in Southco's part numbers was created by Southco.

Kanebridge focuses on the individual groups of digits within the part number, trying to show that *individual digits* were either arbitrarily selected or sequentially selected, and thus not original. However, the part numbers themselves are manifestly neither arbitrary nor sequential.

Kanebridge confuses the groups of digits in Southco's part numbers with the values assigned to the *Mitel* registers. In *Mitel*, the evidence showed that values (e.g. "X27") were arbitrarily assigned to the three-digit registers. Randomly assigning a number is not a creative act. In contrast, the evidence here shows Southco created a complex system codifying descriptions with numbers.

Kanebridge admits that Southco *selected* the specific numbers to represent English units ("10"), metric units ("90"), a thread size of 632 ("2"), and a slotted screw recess ("0"), but contends, contrary to the evidence, that this selection was "arbitrary" when in fact it was a choice made by Southco in accordance with the system Southco had created.

Confusing one group of digits within the Southco part numbers with the part numbers themselves, Kanebridge wrongly concludes that "sequentially increasing Southco part numbers correspond to increasing lengths of fasteners" referencing the Southco Handbook. The correspondence which Kanebridge alleges to exist is refuted by Table II of the Handbook, A363. In that Table, the part numbers are not even arranged sequentially in the columns.

Reviewing the treatment of the single digit "values" by the *Mitel* court, Kanebridge acknowledges *Mitel's* conclusion that assignment of individual values to a wide variety of individual functions provided the minimal degree of creativity required to qualify a work as original. Kanebridge admits that *Mitel* here supports the District Court's conclusion that Southco's part numbers are original. Yet Kanebridge also opaquely argues that this was error because the values in *Mitel* were the physical and operational parameters of the telecommunications equipment being identified by the codes, and that these values are analogous to the physical specifications being identified by the part numbers. Kanebridge illogically argues that *Mitel* is irrelevant and misleadingly contends that Southco has only asserted copyright in its part numbers and not in the selection of physical specifications. That is wrong. Southco has designed its captive fasteners, *and* has creatively chosen specific groups of digits to represent the physical specifications of those fasteners, *and* has chosen specific values for those specific groups of digits, *and* has ordered those groups of digits in a particular way in its part numbers. The District Court correctly concluded that *Mitel's* treatment of the values assigned to specific functions supports the conclusion that Southco's vastly more

creatively complex part numbers meet the Copyright Act's standard of originality.

The finding of the District Court in this case, based upon the testimony at the preliminary injunction hearing, fully satisfies the requirements defined by the Eighth Circuit in the *Toro* case for the copyrightability of parts numbers.

In addition to the parts numbers themselves, the part number tables which are published in the Southco Handbooks are also copyrightable. At page C-5 of Southco Fastener Handbook No. 27 (A363) are presented six tables of Southco part numbers. In the upper table the part numbers are applied in the first column to thread number 6-32 and in the second, thread number 10-32 for flush-mounted fasteners. In the lower table, the first column is for thread number 6-32 and the second for thread number 10-32 for flare-mounted fasteners. All of the Southco part numbers in that table have been copied by Matdan, Kanebridge's manufacturer, and sixteen of the twenty part numbers appearing there, or 80%, have been copied by Kanebridge and published in its website materials to identify the Kanebridge fasteners manufactured by Matdan. (A100, A129).

4. Southco's Part Numbers Are Copyrightable As The Expressions Of An Original, Creative "System"

Kanebridge says that the District Court erred by granting protection to Southco's numbering system because "systems" are not copyrightable, citing Section

102(b) of the Copyright Act and *Baker v. Selden*, 101 U.S. 99 (1879). That argument has been rejected by this Court.[5]

In *Apple Computer, Inc. v. Franklin Computer Corp.*, 545 F. Supp. 812, 817, n.6 (E.D. Pa. 1982), the District Court held that the computer operating system programs involved were uncopyrightable as "systems" on the ground argued by Kanebridge. The Court of Appeals reversed and specifically repudiated the simplistic preclusion of copyrightability on the basis of the inclusion of "systems" in Section 102(b) of the Copyright Law. *Apple*, 714 F.2d at 1250-1251. That view was reaffirmed in *Whelan*, 797 F.2d at 1234. The same analysis has been applied in other circuits. *American Dental Association v. Delta Dental Plans Association*, 126 F.3d 977, 980-981 (7th Cir. 1997), *Toro*, 787 F.2d at 1212.

As was true of the plaintiff in the *Apple* case, Southco does not seek to copyright the idea of its parts numbering system but only its expression of it. By the same token, Kanebridge is utterly uninterested in the idea or the process of the method of Southco's part number system; Kanebridge has copied the specific expressions of that numbering system that Southco has copyrighted.

Southco's part numbers are copyrightable as the expressions of an original creative system. The codifications of information regarding Southco's products originate

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[5] Kanebridge and the Government persist in a literal reading of *Baker v. Selden* which this Court and all thoughtful commentators have rejected. *Apple*, 714 F.2d at 1251-52; 1 Melville B. Nimmer, *Nimmer on Copyright* § 2.18[c]; *See also ABR Benefits Services, Inc. v. NCO Group*, 1999 WL 695596 (E.D. Pa.)

entirely from Southco and are selectively presented in codified form in the part numbers.[6]

5. Southco's Part Numbers Are Not "Proper Names Of Goods" Or "Titles"

The amicus briefs argue to the Court that the fact that Southco uses its part numbers to identify its products somehow precludes them from copyright protection. They seek to analogize Southco's part numbers to names and titles or words or short phrases which have been held to be insufficient as such to sustain copyrightability. But they would stand the law on its head. As the authorities upon which they rely, the names and titles in those cases were uncopyrightable, not because they were names or titles, but because that is *all* that they were.

In the seminal Supreme Court decision in *Higgins v. Keuffel*, 140 U.S. 428, 431 (1891) (Pollack Brief, p. 6) the Court carefully explained that the lack of copyrightability was the failure of the name or title to serve any other purpose:

> To be entitled to a copyright the article must have by itself some value as a composition, at least to the extent of serving some purpose other than as a mere advertisement or designation of the subject to which it is attached.

That is precisely what the Eighth Circuit did in the *Toro* case, rejecting as uncopyrightable arbitrarily assigned

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[6] The amicus briefs, albeit unwittingly, offer a strong testimonial to the Southco's creativity. They argue that it would be burdensome to require consumers to go through all of the trouble to obtain the information codified in Southco's part numbers.

parts numbers which serve no other purpose, but recognizing the copyrightability of parts numbers encoded to provide information. *Toro*, 787 F.2d at 1213. There is no argument in the present case that the Southco part numbers do not provide substantial information, giving it "some value as a composition" so that it serves a purpose other than as a mere designation.

Both amicus briefs present their arguments that Southco's part numbers are the "names" or "titles" of the products without any acknowledgement whatever that the names of the products are, generically, "panel fasteners" and, specifically, "captive screws." (A361 ("Captive (in-the-panel) Screw Fasteners"); A367 ("Panel Fasteners"); A399 ("Retractable Captive Screws"); A405 ("Retractable Captive Panel Fasteners")).

Southco's part numbers express in codified form a substantial amount of selected information originating solely with Southco and arranged for the benefit of its customers.

6. There Is No Merger Of The Expression Of Southco's Part Numbering System And The Underlying Facts

Kanebridge contends on this appeal for the first time that the District Court erred in finding that appellee's part numbers are protectable in view of the merger doctrine. The District Court made no such finding because no such issue was raised in the District Court by Kanebridge. *Singleton v. Wulff*, 428 U.S. 106, 120 (1976), *Continental Casualty Co. v. Dominick D'Andrea, Inc.*, 150 F.3d 245, 251 (3d Cir. 1998), *In re Unisys Savings Plan Litigation*, 74 F.3d 420, 443, n.19 (3d Cir. 1996).

The doctrine of merger applies to ideas or underlying facts which can only be expressed in one or a limited number of ways. *Apple*, 714 F.2d at 1252-1254. The Court reaffirmed *Apple* in *Educational Testing Services v. Katzman*, 793 F.2d 533, 539-540 (3d Cir. 1986). As the Court held in *Apple* and in *Educational Testing Services*, if the same idea can be expressed in a plurality of totally different manners, a plurality of copyrights may result. 714 F.2d at 1253, 793 F.2d at 539.

The underlying idea or facts with respect to Southco's part numbers are the characteristics of the individual captive screws, as the District Court explained, not the digits which make up the part numbers. (A9, A11, n.6). The system comprises the use of ten digits for nine individual elements, giving rise to a total possibility of more than one billion different numbers. The choices of individual numbers different from those selected by Southco is thus substantial. As the Eight Circuit said in the *Toro* case, there is more than one way to express a part numbering system. 787 F.2d at 1212.[7]

In the present case, the possibilities are wide open for Kanebridge to develop its own part numbering system. In fact, Kanebridge claims to have developed a part numbering system, using digits in its numbers different from Southco's to express the system. (A336). Southco does not seek to preclude Kanebridge from using its own numbering system. Kanebridge's codified numbering system is evidence itself, without more, that the underlying idea of a

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[7] Kanebridge disagrees with the Eighth Circuit, saying that Southco's part numbers are "the only conceivable way" in which to express the idea of Southco's numbering system. No explanation is offered.

part numbering system is not restricted to the expression employed by Southco. *Cf. Toro*, 787 F.2d at 1208. There is thus no basis for application of the doctrine or merger.

* * *

Supreme Court, U.S.
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No. 04-1459

In The
Supreme Court of the United States

SOUTHCO, INC.,

Petitioner,

v.

KANEBRIDGE CORPORATION,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Third Circuit

SUPPLEMENTAL BRIEF WITH NEW CASE IN SUPPORT OF PETITION

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I. A NEW CASE JUSTIFIES THE DISSENT'S CONCERN THAT THE THIRD CIRCUIT DECISION IS INIMICAL TO THE STATUTORY SCHEME APPROVED BY THE SUPREME COURT IN THE *FEIST* CASE

A new case, *R&B, Inc. v. Needa Parts Manufacturing, Inc.*, 2005 U.S. Dist. LEXIS 17625 (D. Pa., Aug. 23, 2005), A1-34, justifies the concern expressed in Judge Roth's dissenting opinion (A41) that the Third Circuit decision (*Southco III*) will lead to the categorical denial of copyright protection to rule-based works without the assessment of creativity exemplified in the *Feist* opinion. The court in the *R&B* case not only held the part numbers uncopyrightable because they were rule-based but dismissed R&B's attempt to show creativity as inappropriate in view of the Third Circuit decision. A20.

Respectfully submitted,

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DATE: August 31, 2005

R&B, INC. v. NEEDA PARTS MANUFACTURING, INC., et al.

CIVIL ACTION NO. 01-1234

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

2005 U.S. Dist. LEXIS 17625

August 23, 2005, Decided

COUNSEL: For R&B, INC., Plaintiff: ANTHONY S. VOLPE, VOLPE & KOENIG PC, PHILADELPHIA, PA; JOHN J. O'MALLEY, VOLPE & KOENIG PC, PHILADELPHIA, PA.

For NEEDA PART MANUFACTURING, INC., JAMES KOLESZAR, Defendants: ANTHONY R. SHERR, MAYERS MENNIES & SHERR LLP, BLUE BELL, PA.

JUDGES: MARY A. McLAUGHLIN, J.

OPINION BY: MARY A. McLAUGHLIN

OPINION:

MEMORANDUM AND ORDER

McLaughlin, J.

This case involves a dispute between the largest supplier in the after-market for automotive parts, R&B, Inc. ("R&B"), and a new competitor in that market, Needa Parts Manufacturing, Inc. ("NPM"). R&B claims that NPM and its CEO, James Koleszar, infringed R&B's copyrights and trademarks.

The Court held oral argument on the defendants' motion for partial summary judgment on April 6, 2005. The Court will now grant the motion.

I. Claims and Procedural Posture

R&B's complaint, filed on March 15, 2001, makes the following claims against the defendants: (1) trademark infringement in violation of 15 U.S.C. § 1055; (2) common law trademark infringement; (3) false designation of origin in violation of 15 U.S.C. § 1125(a); (4) common law unfair competition; (5) copyright infringement in violation of 17 U.S.C. § 101, *et seq.*; (6) breach of contract; (7) breach of fiduciary duty; and (8) tortious interference with contractual relations.

The Court previously denied the plaintiff's motion for a temporary restraining order and preliminary injunction on the ground that the plaintiff failed to show a likelihood of success on the merits with respect to any of its claims. R&B appealed this Court's decision, and in an Order dated August 20, 2002, the United States Court of Appeals for the Third Circuit affirmed the denial of R&B's motion for preliminary injunction. *R&B, Inc. v. Needa Parts Mfg., Inc.*, 50 Fed. Appx. 519 (3d Cir. 2002).

The parties resumed discovery, and the plaintiff filed a motion for partial summary judgment on its NEED! trademark infringement claim. The Court denied the motion on January 30, 2004, finding that genuine issues of material fact remained on the claim.

The defendants filed a motion for partial summary judgment on March 31, 2004, but the Court held the motion in abeyance at the request of counsel while the parties engaged in settlement discussions. After counsel notified the Court that they were unable to reach a settlement, the Court scheduled oral argument on the motion for December 10, 2004. When the Court met with counsel that morning, counsel requested that the Court postpone

oral argument because they were close to reaching an agreement that would resolve the case. The Court conducted multiple telephone conferences with counsel over the next several weeks; however, settlement negotiations again broke down and counsel requested that the Court reschedule the oral argument.

The defendants move for summary judgment on four sets of claims, including: (1) the plaintiff's claims that the defendants infringed R&B's copyrights in its sales catalogs and part numbers; (2) the plaintiff's claims that the defendants infringed R&B's unregistered trademarks "MM" and part numbers; (3) the plaintiff's claims that the defendants' repackaging and resale of R&B products constitutes trademark infringement, false designation of origin, and common law unfair competition; and (4) the plaintiff's state claims for breach of contract, breach of fiduciary duty, and tortious interference with contractual relations arising from the alleged breach of a "Confidentiality and Development Agreement" that the defendant Koleszar entered into during his employment with R&B.

The defendants have not moved for summary judgment with respect to the plaintiff's claims that the defendants infringed R&B's registered trademark "NEED!" Defs'. Mem. at 20 n. 14. The plaintiff has clarified that it is not pursuing a claim that the defendants infringed the "Motormite" mark. Pl's. Mem. in Opp. at 18 n. 9.

II. Statement of Facts

The parties each introduced multiple exhibits into the record for purposes of the summary judgment motion, including the transcript of the preliminary injunction hearing that took place April 18 and 19, 2001; the deposition

testimony of Barry Myers, Robert Calvosa, Albert Baldino, and James Koleszar; the declaration of Barry Myers; a photocopy of NPM's 2001 Catalog; photocopies of R&B's 1994 and 1985 Catalogs; photocopies and samples of Motormite products in Needa? packaging; photocopies of R&B's trademark and copyright registrations; and a copy of the Confidentiality and Development Agreement that Koleszar entered into while he was employed by R&B.

The Court has reviewed all the evidence that was introduced by the parties in connection with this motion. The Court has not adopted the findings of fact that the Court made in deciding the motion for preliminary injunction unless the facts are not in dispute. Where the facts are in dispute, the Court has viewed the facts and all inferences to be drawn from the facts in the light most favorable to R&B as the nonmoving party.

The plaintiff, R&B, is a national supplier of about 35,000 automotive parts, fasteners, and service line products, as well as non-automotive fasteners. Transcript of Apr. 18, 2001 Hearing at 164 (testimony of Robert Calvosa) (hereinafter "Tr. I"). R&B's total sales are approximately $ 200 million per year. Tr. I at 179 (testimony or Robert Calvosa); Pl's. Ex. D at 19 (deposition testimony of Barry Myers).

The defendant, NPM, was formed in July of 2000 to compete with R&B in the automotive parts market. Transcript of Apr. 19, 2001 Hearing at 60-61 (testimony of James Koleszar) (hereinafter "Tr. II"). NPM currently offers about 1,000 different products and has had sales of approximately $ 18,000 since its inception in July 2000. Tr. II at 26 (testimony of James Koleszar). The defendant, Koleszar, is the Chief Executive Officer of NPM. Tr. II at

23 (testimony of James Koleszar). Koleszar was employed by R&B from approximately 1984 to 1998. Tr. II at 21 (testimony of James Koleszar). At the time of his resignation in 1998, Koleszar's title was Vice President of National Accounts. Tr. II at 21 (testimony of James Koleszar). Shortly after Koleszar started working at R&B, he executed a "Confidentiality and Development Agreement." Pl's. Ex. F.

R&B Automotive, Inc., an entity that later changed its name to R&B, registered the mark "Motormite" with the United States Patent and Trademark Office ("USPTO") in July 1983 (Registration No. 1,244,128). Pl's. Ex. A. In July 1991, R&B registered another trademark for "Motormite" with the USPTO (Registration No. 1,649,280). Pl's. Ex. A.

Of the 35,000 different items offered by R&B, about 18,000 are sold under the two "Motormite" trademarks. Tr. I at 164 (testimony of Robert Calvosa); see 1994 Motormite Buyers Guide, Defs'. Ex. 10 (hereinafter "1994 Catalog" or "R&B's Catalog"). These items are sold under various product lines or brands, such as "CLUTCH-IN!," "PEDAL-UP!," and "HELP!." See 1994 Catalog, Defs'. Ex. 10. Most of these product lines are specific to either a category of parts or to a type of repair. Tr. I at 88 (testimony of Robert Calvosa). The HELP! line consists of R&B's best selling "hard-to-find" products. Tr. I at 86-88 (testimony of Robert Calvosa). The HELP! line is further subdivided into five categories which correspond to five sections of a car – interior, exterior, underhood, undercar, and maintenance. See 1994 Catalog, Defs'. Ex. 10.

Approximately two thirds of the automotive parts that R&B supplies under the "Motormite" trademarks are sold to two types of consumers: retailers and warehouse distributors.

Pl's. Ex. D at 23 (deposition testimony of Barry Myers). Automotive retailers, such as Pep Boys and Autozone, purchase products directly from R&B and resell them to do-it-yourself members of the general public ("DIYers"). Warehouse distributors, such as Auto Value and Car Quest, purchase products directly from R&B and resell them to jobbers, which are smaller independent auto part stores. The jobbers then resell the products to professional installers who use the products in the course of providing car repair services to the general public. R&B also attempts to sell its products directly to the jobbers. The DIYers and the professional installers constitute the "end users" of R&B products. Tr. I at 203-05, 207-09 (testimony of Todd Northey).

R&B also sells products in bulk. Bulk products do not come in packages. R&B sells to different kinds of bulk customers, including repair shops, such as Midas Muffler, that use the product immediately; companies that resell the product to jobbers or installers after repackaging it; manufacturers that incorporate the parts into their own unrelated products, such as exercise bicycles; and direct competitors that may repackage the R&B product with their own products. For example, R&B may sell a wheel stud nut to a competitor which primarily sells brakes. The competitor then repackages the R&B stud nut with its own brake product and distributes the combined product to its customers. Tr. I at 200-02 (testimony of Todd Northey).

R&B has entered into agreements with some of its bulk customers that govern the way that the bulk customer may use or resell the R&B part. Tr. I at 255-56 (testimony of Todd Northey). R&B has an informal understanding with other of its bulk customers. Tr. I at 270

(testimony of Todd Northey). R&B does not have formal or informal agreements with warehouse distributors as to how its products may be sold. Tr. I at 306 (testimony of Barry Myers).

Some of R&B's Motormite products have the letters "MM" embossed or forged into them. Tr. I at 251-52 (testimony of Todd Northey). The "MM" designation has not been registered as a trademark with the USPTO. Because of the vertical configuration of the two letters, the designation sometimes appears as a thick "M." Todd Northey, R&B's vice president of field sales and a former regional sales manager, has witnessed some of R&B's customers identify the "MM" designation with Motormite. Tr. I at 235, 250-51 (testimony of Todd Northey).

Motormite products are sold through R&B's catalogs. R&B registered the following catalogs with the Copyright Office: 1985 MotorMite Catalog (Registration No. VA 196-809); Spring 1985 MotorMite Catalog Supplement 1 (Registration No. VA 193-362); Fall 1985 MotorMite Catalog Supplement 2 (Registration No. VA 208-040; 1983 Help! Catalog (Registration No. VA 195-445); and 1983 Help! Supplement Catalog (Registration No. VA 193-276). Pl's. Ex. B.

The 1994 Catalog is the current Motormite catalog and contains about 685 pages. The 1994 Catalog is organized into separate sections for each Motormite product line. 1994 Catalog, Defs'. Ex. 10.

Each Motormite product is identified in the catalog and on the product packaging by a five-digit part number. Tr. I at 103-05 (testimony of Robert Calvosa). These part numbers were independently created by R&B but have not been registered as trademarks with the USPTO.

The first two digits of each five-digit part number indicate the "family" of the product. For example, a number with the first two digits "76" belongs to the family of window handles. Tr. I at 143 (testimony of Robert Calvosa); Tr. I at 285 (testimony of Barry Myers). When the system was first developed, the first two digits were assigned in an arbitrary fashion, i.e., the number "76" has no logical relationship to window handles as compared to any other randomly selected numbers. Tr. I at 43-45, 134 (testimony of Robert Calvosa); Tr. I at 285 (testimony of Barry Myers).

The remaining three digits of each R&B part number are assigned according to a different rubric for each product family. The rubric for one product family does not necessarily apply to other product families. Tr. I at 151-52, 163 (testimony of Robert Calvosa). R&B's numbering system for any given family of products is ultimately adopted after consultation and approval from several individuals, including the new product manager and the company's executive committee. Pl's. Ex. C at 81-85, 153-54 (deposition testimony of Robert Calvosa).

R&B attempts to design a rubric for assigning numbers within each product family that corresponds with the significant characteristics of the products within that family. Tr. I at 159-63 (testimony of Robert Calvosa); Pl's. Ex. C at 45-46 (deposition testimony of Robert Calvosa). For example, within the 47000 series, the 300 range represents plastic vacuum connectors; the 400 range represents rubber vacuum connectors; and the 500 range represents nylon and vinyl vacuum connectors. Tr. I at 151-52 (testimony of Robert Calvosa).

For a handful of product families the products are numbered sequentially to reflect the relative size of the product as compared to others in the same product category. For example, snap rings are first divided into three categories – E-clips, internal snap rings, and external snap rings – and then the numbers within each category are assigned by size depending on the critical dimension of the product, i.e., E-clip numbers are assigned in size order depending on the internal diameter and internal snap ring numbers are assigned in size order depending on the outside diameter. In no case do the numbers denote the actual size of the product. Tr. I at 61-65, 148 (testimony of Robert Calvosa); Tr. I at 286 (testimony of Barry Myers).

For certain other products, the final three digits represent the size of the product packaging. For example, in the family of pedal pads, parts requiring size "A" packaging have part numbers ranging from 20700 and 20749. Tr. I at 53-59 (testimony of Robert Calvosa). Within at least one product family, the family of O-rings, the last three digits of the part number correspond to the industry standard reference number for that part. Tr. I at 143, 146 (testimony of Robert Calvosa).

Once within the appropriate range, or when there is no rubric for number assignment within a family, part numbers are assigned sequentially. Tr. I at 153 (testimony of Robert Calvosa). R&B sometimes assigns a lower number to popular products within the product family to affect how the product is merchandised, i.e, parts are usually organized in numerical order so lower-numbered products will be placed toward the front of a store display. Tr. I at 53-59, 83-84 (testimony of Robert Calvosa).

When R&B comes out with a new product or a new line of products, they first look to see if the new products should be added to an existing family. Tr. I at 45-46 (testimony of Robert Calvosa). If so, the products are assigned numbers according to the existing rubric for the family. Pl's. Ex. C at 82 (deposition testimony of Robert Calvosa).

If the new products are not added to an existing family, they are randomly assigned a two digit prefix to represent the new family. Tr. I at 46-47 (testimony of Robert Calvosa). R&B must then develop a rubric for assigning numbers within the family. Pl's. Ex. C at 80-85 (deposition testimony of Robert Calvosa).

As R&B develops a rubric for numbering products within a new family, it must decide how many numbers or blocks of numbers to reserve for future expansion within the product line. Tr. I at 46 (testimony of Robert Calvosa). R&B makes this decision after considering factors such as the product's characteristics, application, anticipated demand, and potential for future development. Tr. I at 46-48, 66-67 (testimony of Robert Calvosa). For example, where the last three numbers represent the relative size of the product, R&B may reserve numbers before, after, or in between the assigned numbers if it anticipates that smaller or larger products may be added. Tr. I at 65-67 (testimony of Robert Calvosa). Although R&B attempts to reserve enough numbers to accommodate future expansion, they have not always been successful. Tr. I at 73-80 (testimony of Robert Calvosa).

If R&B runs out of numbers for a particular product line, it will reserve a new block of numbers. Although R&B tries to reserve the new block either immediately before or after the original block within the same product family,

this may not be possible if those numbers are already being used. Tr. I at 131-35 (testimony of Robert Calvosa). In such cases, R&B may either "borrow" numbers from another product line or open a new family group. Tr. I at 136 (testimony of Robert Calvosa). Thus, the correlation between the first two digits and the product family is not always perfect. For example, when a group of products in the CLUTCH-IN! family outgrew its initial range of 14500 to 14549, the family first expanded to the range from 14591 to 14599, and then to the range below 14500. When those ranges were exhausted, the family expanded to numbers beginning with the first two digits 74. Tr. I at 79-82 (testimony of Robert Calvosa).

The HELP! product line consists of about 700 of the most popular and fast-moving automotive replacement parts sold by R&B, some of which are also available under other Motormite product lines. Tr. I at 85-87, 93 (testimony of Robert Calvosa). The HELP! line of products is divided into five general categories which correspond to five sections of a car and each of which is associated with a different color for use on product packaging. Tr. I at 93 (testimony of Robert Calvosa); Tr. I at 245-46 (testimony of Todd Northey). R&B uses this system to help the retailer organize products on the display and to help the customer find products in the catalog or on the display in a retail store. Tr. I at 93-94, 97-98 (testimony of Robert Calvosa); Tr. I at 119-20 (testimony of Todd Northey).

R&B uses a different rubric for assigning product numbers within the HELP! line. Tr. I at 86 (testimony of Robert Calvosa). Within HELP!, the first two digits represent the family of the product and the third digit represents a subgroup within the family. Tr. I at 91 (testimony

of Robert Calvosa). The final two digits are assigned sequentially. Tr. I at 91, 144 (testimony of Robert Calvosa).

Todd Northey, the plaintiff's vice president of field sales and a former regional sales manager, has experienced instances where professional installers ordered parts from a jobber by reference to the part numbers, as well as instances where the jobber discussed parts with R&B salespeople by reference to the part numbers. Tr. I at 191, 209-11, 212-14 (testimony of Todd Northey). This normally happens only with respect to R&B's most popular parts that have repeat usage. Tr. I at 214 (testimony of Todd Northey). Mr. Northey has also experienced a "handful" of instances where customers in retail stores asked for a part by part number. Tr. I 214-16 (testimony of Todd Northey). R&B does not use the part numbers in its promotion or advertising. Tr. I at 308 (testimony of Barry Myers).

NPM was formed in 2000 to compete with R&B in the automotive parts market. Tr. II at 60-61 (testimony of James Koleszar). NPM targets some of the same customers as R&B and identifies itself as a competitor of R&B. Tr. II at 43-45, 70 (testimony of James Koleszar). NPM sells its products under the name "Needa?"

NPM currently has inventory worth approximately $800,000. Tr. II at 25 (testimony of James Koleszar). NPM acquired some of its inventory by purchasing genuine Motormite parts from warehouse distributors and retailers. Pl's. Ex. D at 234 (deposition testimony of James Koleszar); Tr. II at 27-28 (testimony of James Koleszar).

NPM packages genuine Motormite parts in Needa? packaging. Pl's. Ex. D at 235 (deposition testimony of James Koleszar). When NPM purchases Motormite parts

from retailers, NPM has to remove the product from the Motormite packaging before it can repackage the product in Needa? packaging. Pl's. Ex. D at 235 (deposition testimony of James Koleszar).

At least with respect to some of the products that NPM sells, the "MM" designation can be seen on the part through the Needa? packaging. In no case does the "MM" designation appear on the Needa? packaging. Pls'. Exs. 1A-O.

NPM's business philosophy is to sell the most popular and fastest moving auto parts. Tr. II at 68 (testimony of James Koleszar). To identify the most popular parts, Koleszar requested data from several automotive retail stores. Tr. I at 29 (testimony of James Koleszar). Koleszar also reviewed movement rating reports that R&B distributes to customers and potential customers throughout the industry. Tr. I at 32-33 (testimony of James Koleszar).

Needa? lists its products in a catalog entitled "Needa? Parts Manufacturing, Inc. Application and Buyer's Guide 2001." NPM Catalog, Defs'. Ex. 8. NPM's catalog consists of approximately 85 pages. *Id.* The defendants used R&B's catalog in preparing their own catalog. Tr. II at 42 (testimony of James Koleszar).

Needa? products are identified by a six digit number. Tr. I at 102-05 (testimony of Robert Calvosa). The first five digits correspond to R&B's number. Tr. I at 103-05, 109 (testimony of Robert Calvosa); Tr. I at 243-44 (testimony of Todd Northey); Tr. II at 35 (testimony of James Koleszar). The sixth digit indicates NPM's recommendation as to where the product should be placed in a retail store. Tr. II at 35 (testimony of James Koleszar). NPM copied R&B's first five digits to make it easier for customers to switch

from Motormite to Needa? products. Tr. II at 35, 39 (testimony of James Koleszar).

Some of the categories represented by NPM's sixth digit correspond with the color codes that R&B uses to categorize the HELP! line of products. Tr. I at 92-96, 101-02 (testimony of Robert Calvosa); Tr. I at 244-45 (testimony of Todd Northey). For example, NPM's number "3" corresponds to the HELP! under-hood category. Tr. I at 101 (testimony of Robert Calvosa). However, the NPM system contains more categories than the HELP! system. Tr. II at 73-74 (testimony of James Koleszar); see NPM Catalog, Defs'. Ex. 8.

III. Analysis

A motion for summary judgment will be granted where all of the evidence demonstrates "that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c). The non-moving party may not simply rest on the pleadings, but must go beyond the pleadings in presenting evidence of a dispute of fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24, 91 L. Ed. 2d 265, 106 S. Ct. 2548 (1986). In evaluating the evidence, the Court must view the facts and all inferences to be drawn from the facts in the light most favorable to the non-moving party. *Josey v. John R. Hollingsworth Corp.*, 996 F.2d 632, 637 (3d Cir. 1993).

The Court's findings of fact and conclusions of law made in connection with the plaintiff's motion for a preliminary injunction are not binding with respect to the present motion for summary judgment. See *St. Thomas-St.John Hotel & Tourism Ass'n v. Virgin Islands*, 45 V.I.

701, 357 F.3d 297, 302 (3d Cir. 2004) (citations omitted). The Court must consider any new evidence or intervening law, and the Court must apply the summary judgment standard to the evidence, i.e., the Court must consider the facts and all inferences to be drawn from the facts in the light most favorable to R&B as the nonmoving party. See *id.*

A. Copyright Infringement

R&B contends that the defendants infringed its copyright in its 1994 Catalog and in its part numbers. The Copyright Act of 1976 protects "original works of authorship fixed in any tangible medium of expression. . . . " 17 U.S.C. § 102(a). A copyright holder is granted the exclusive right to use and to authorize others to use the copyrighted work in specific enumerated ways, including the reproduction of the work in copies. See 17 U.S.C. § 106. To succeed on the merits of the copyright claims, R&B must show (1) that R&B owns a valid copyright in the material, and (2) that NPM copied the material in question. *Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 290 (3d Cir. 1991); *Whelan Assocs., Inc. v. Jaslow Dental Lab., Inc.*, 797 F.2d 1222, 1231 (3d Cir. 1986).

1. Part Numbers

The primary claim brought by R&B is that the defendants infringed its copyright by copying the most popular Motormite part numbers. The defendants concede that they copied the part numbers of about 1,000 of the plaintiff's 18,000 Motormite parts. Tr. I at 35 (Koleszar Test.) The issue presented is whether the part numbers satisfy the originality requirement of the copyright laws.

It is important to note at the outset that the plaintiff's claim is based on the alleged copying of R&B's part numbers. Although the plaintiff refers to its part numbers and part numbering system interchangeably, the plaintiff does not claim, and has introduced no evidence to support a claim, that NPM used R&B's part numbering system. See Apr. 6, 2005 Oral Argument Tr. at 13 (statement of Anthony Volpe). For example, the plaintiff does not allege that NPM developed a new part and used R&B's numbering system to assign a number to that new part. The Court, therefore, will analyze the plaintiff's infringement claim with respect to R&B's part numbers.

Copyright protection extends to "original works of authorship" under 17 U.S.C. § 102(a). The Supreme Court has held that the term original "means only that the work was independently created by the author, and that it possesses at least some minimal degree of creativity." *Feist Pub'lns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991). R&B's part numbers were independently created by R&B. Tr. I at 39-48 (testimony of Robert Calvosa). The question is whether R&B's numbers possess the "minimal degree of creativity" required to qualify them for copyright protection.

The Court addressed this same question in deciding the plaintiff's motion for preliminary injunction. At the time that the Court decided the preliminary injunction motion, the Court of Appeals had recently analyzed the originality requirement in the context of part numbers. See *Southco, Inc. v. Kanebridge Corp.*, 258 F.3d 148 (3d Cir. 2001) ("*Southco I*"). In that case, the Court of Appeals held that Southco's part numbers fell short of the minimal level of creativity required for copyright protection. *Id.* at 152.

The Court analyzed the plaintiff's motion for preliminary injunction in light of the Court of Appeals' decision in *Southco I* and concluded that although R&B's part numbers are somewhat less predictable than Southco's numbers, R&B's part numbers are not copyrightable because they lacked sufficient creativity to satisfy the originality requirement. Court Order of 8/10/01 at 23. The Court of Appeals affirmed the Court's denial of the preliminary injunction, agreeing that R&B's part numbers are not materially different from the part numbers in *Southco I*. 50 Fed. Appx. 519, 521-22.

The Court of Appeals subsequently issued two additional decisions in *Southco*. In the second *Southco* decision, a panel of the court reversed the grant of summary judgment to the defendant after finding material issues of fact remained on the plaintiff's copyright infringement claim. *Southco, Inc. v. Kanebridge Corp.*, 324 F.3d 190 (2003) ("*Southco II*"). The Court of Appeals rendered its decision in *Southco II* prior to the time that the defendants filed the present motion for summary judgment, and both parties discuss the impact of the *Southco II* decision on this case in their respective briefs.

After the parties filed their briefs for this motion but prior to oral argument, the Court of Appeals issued its third and final decision in *Southco*. *Southco, Inc. v. Kanebridge Corp.*, 390 F.3d 276 (3d Cir. 2004) ("*Southco III*"). During oral argument on the defendants' motion for summary judgment, the plaintiff gave the Court a bench memo that addresses the Court of Appeals' decision in *Southco III* (the plaintiff's "Bench Memo"). Following oral argument, the plaintiff submitted an additional brief in response to the Court's inquiries during oral argument (the plaintiff's "Post-Argument Brief"). Thus, the plaintiff

has had ample opportunity to address any legal issues raised by the intervening case law.

In *Southco III*, the Court of Appeals decided that Southco's part numbers are not copyrightable based on two different and independent lines of reasoning. *Id.* at 281. Under the first line of reasoning, the Court of Appeals held that the Southco numbers are not "original" because they do not reflect any creativity; rather, each number is dictated by the logic of the Southco numbering system. *Id.* 281-82.

Southco used a numbering system that divided products into product classes and reflected the relevant characteristics of the products within each product class. *Id.* at 282. Prior to assigning the numbers, Southco had to determine which relevant characteristics should be reflected in the numbers and devise the rubric to be used to express those characteristics. *Id.* at 282-83. Once the numbering system was developed, however, the numbers were assigned through a mechanical application of the system. *Id.* The Court of Appeals found, therefore, that although Southco may have used creativity to develop the numbering system, the numbers themselves did not reflect any creativity. *Id.* at 281-83.

Like the part numbers in *Southco*, the first two or three digits of R&B's part numbers indicate the product family. Tr. I at 143 (testimony of Robert Calvosa); Tr. I at 285 (testimony of Barry Myers). The remaining two or three digits are assigned according to a specific rubric for the product family. R&B attempts to design a rubric for each product family that corresponds to the relevant characteristics of the products within that family. Tr. I at 159-63 (testimony of Robert Calvosa).

R&B has spent considerable time in developing the rubric for each family of products. For example, when a new product comes out, R&B has to decide whether the product fits within an existing product family or whether it belongs in a new product family. If R&B does create a new product family, it has to develop the rubric for that product family and decide how many numbers to reserve for future expansion within the product line. Tr. I at 46 (testimony of Robert Calvosa); Pl's. Ex. C at 81-85 (deposition testimony of Robert Calvosa).

Once the system is in place, however, numbers are assigned by applying the rubric. Pl's. Ex. C at 82-83 (deposition testimony of Robert Calvosa). Thus, to the extent that there is any creativity in the process, it occurs at the system development stage, and not at the point where R&B actually assigns a number to a particular product.

This system does not yield perfect results. The numbers produced by R&B's system are not correlated with the parts to the extent and with the predictability that the Southco numbers are, but most inconsistencies are due to human error, such as underestimating future product expansion, and are not the result of creativity. Tr. I at 142 (testimony of Robert Calvosa).

The plaintiff attempts to distinguish this case from *Southco III* by arguing that R&B's part numbers are not dictated by the system. In support of this argument, however, the plaintiff states that R&B's numbering system contains a "creative element" that is constantly changing. Pl's. Bench Memo at 4 (citing Robert Calvosa's deposition testimony). The plaintiff further states that R&B's assignment of numbers is a "collaborative" effort that requires

many people to determine the creative elements of the numbering system. *Id.* at 4-5. Thus, despite the Court of Appeals' en banc decision in *Southco III*, the plaintiff continues to focus on the effort and creativity that R&B put into developing the numbering system. The plaintiff has failed to cite any new evidence which would distinguish R&B's part numbers from the Southco numbers or lead this Court to a different conclusion than it reached at the preliminary injunction stage.

The *Southco III* majority adopted a second line of reasoning for denying copyright protection to Southco's part numbers. 390 F.3d at 281. Adopting the "long standing" practice of the Copyright Office, the court held that the Southco part numbers are not entitled to copyright protection because they are analogous to short phrases or titles of works which lack a sufficient amount of text to show the requisite creativity. *Id.* at 285-86. The court also expressed concern that if a part number were copyrightable, any use of the number would potentially infringe the copyright. *Id.* at 286.

The Court finds that R&B's part numbers are not copyrightable under either line of reasoning. First, although considerable time and creativity may have gone into developing R&B's numbering system, the numbers themselves do not reflect the minimal degree of creativity necessary for copyright protection. Second, R&B's part numbers are the sort of short phrases that the Court of Appeals decided are not copyrightable. Thus, the Court will grant the motion for summary judgment with respect to the plaintiff's claim that the defendants infringed R&B's copyright in its part numbers.

2. 1994 Catalog

The plaintiff also claims that the defendants infringed R&B's copyright in its catalogs. To establish infringement, the plaintiff must show that R&B owns a valid copyright in the work and that the defendants copied that work. *Whelan Assocs.*, 797 F.2d at 1231. For purposes of this motion, the defendants do not dispute that R&B owns a valid copyright in its catalogs; however, the defendants argue that they are entitled to summary judgment because the plaintiff cannot show that NPM copied R&B's catalogs.

Copying is established by showing that the defendants had access to the plaintiff's work and that there is substantial similarity between the two works. *Id.* at 1231-32; see also *Universal Athletic Sales Co. v. Salkeld*, 511 F.2d 904, 907 (3d Cir. 1975). The defendants admit to using the plaintiff's catalog for research, but they deny copying it. Tr. II at 42 (testimony of James Koleszar). Thus, the issue is whether there is substantial similarity between the R&B's catalogs and NPM's catalog.

The test for "substantial similarity" contains two parts. *Whelan Assocs.*, 797 F.2d at 1232. First, the factfinder must decide whether there is sufficient similarity between the two works to conclude that the defendants used the copyrighted work in making their own. *Id.* This is called the "extrinsic" test of substantial similarity, and it is used to establish the fact of copying. *Id.* This determination is generally made based on a visual comparison of the two works, but expert testimony may be received to aid the trier of fact. *Id.*

If the extrinsic test is satisfied, the factfinder must determine, from the perspective of an ordinary lay person, whether the copying was an unlawful appropriation of the

copyrighted work. *Id.* This is called the "intrinsic" test of substantial similarity. *Id.* Only when access and both types of substantial similarity are shown is copying established.

The plaintiff concedes that its copyright infringement claim will rise and fall entirely on the legal significance of the fact that NPM copied R&B's part numbers, i.e., the plaintiff does not claim that the catalogs are substantially similar based on the artwork, layout, text, or photographs. See Oral Argument Tr. at 16-17 (statement of Anthony Volpe); see also Tr. I at 181-84 (testimony of Robert Calvosa). The plaintiff argues that in deciding whether the catalogs are substantially similar, the factfinder must consider the qualitative value of the material copied under the standard adopted by the Supreme Court in *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 85 L. Ed. 2d 588, 105 S. Ct. 2218 (1985).

R&B contends that the qualitative value of its part numbers is high because NPM copied the numbers of the best selling Motormite parts to make it easier for customers to switch to Needa? parts. In making this argument, R&B relies on the reasoning in *Educational Testing Services v. Katzman*, 793 F.2d 533 (3d Cir. 1986), where the Court of Appeals found that the substantial similarity test was satisfied even though the defendant copied only a handful of questions out of thousands on a standardized exam.

At the preliminary injunction stage, the Court decided that the catalogs are not substantially similar because the amount of material copied from R&B's catalogs was a *de minimis* part of the catalogs as a whole. Thus, the Court concluded that the plaintiff was not likely to succeed on

the merits of its copyright infringement claim. Although the Court of Appeals ultimately reached the same conclusion, it agreed with R&B that the Court should have applied the qualitative value standard. *R&B*, 50 Fed. Appx. at 523-24.

The Court of Appeals never discussed the qualitative value of R&B's part numbers, however, because the court found that the plaintiff failed to show that the defendants copied copyrightable information. *Id.* at 523. The Court of Appeals explained that the substantial similarity test must be analyzed with reference to material that is itself entitled to copyright protection. *Id.* at 523-24 (citing Nimmer on Copyright § 13.03[B][2] at 13-59, Melville B. Nimmer & David Nimmer (2002)).

The Court of Appeals further explained that the plaintiff's reliance on ETS was misplaced because in that case the court concluded that the individual test questions were copyrightable before reaching the question of substantial similarity. *Id.* at 524. Thus, the Court of Appeals concluded that the plaintiff could not establish substantial similarity based on the qualitative value of its part numbers because the part numbers are not copyrightable material. See *id.*

The plaintiff relies on the same arguments here that were previously rejected by the Court of Appeals without directing the Court to any intervening case law or new evidence that would change the analysis. Having reviewed the evidence in a light most favorable to the plaintiff, the Court finds that no reasonable factfinder could conclude that the plaintiff has established copying by the defendants with respect to the plaintiff's catalogs.

B. Trademark Claims

The plaintiff claims that NPM infringed its rights in the unregistered trademarks "MM" and R&B's part numbers.[1] A trademark is a word, name, symbol, device, or other designation, or a combination of such designations, that is distinctive of a person's goods or services and that is used in a manner that identifies those goods or services and distinguishes them from the goods or services of others. Restatement (Third) of Unfair Competition § 9 (1995). "The law of trademark protects trademark owners in the exclusive use of their marks when use by another would be likely to cause confusion." *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 462 (3d Cir. 1983).

To establish a claim of trademark infringement, R&B must demonstrate that (1) it has a valid and legally protectable mark; (2) R&B owns the mark; and (3) NPM's use of the mark is likely to cause confusion concerning the origin of the goods. *A&H Sportswear*, 237 F.3d at 210 (citations omitted).

Unregistered marks are not entitled to a presumption of validity as are marks that are registered. *Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 291-92 (3d

[1] R&B also brings claims for common law trademark infringement, false designation of origin under the federal law of unfair competition, and common law unfair competition. Under Pennsylvania law, the analysis of common law trademark infringement is governed by the same standards as federal trademark infringement. *Mateson Chem. Corp. v. Vernon*, 2000 U.S. Dist. LEXIS 6208, 2000 WL 680020, at *5 n. 7 (E.D. Pa. May 9, 2000). Similarly, the analysis of unfair competition under both federal statutory and common law is the same as the analysis of federal trademark infringement. *A&H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 210 (3d Cir. 2000); *Standard Terry Mills, Inc. v. Shen Mfg. Co.*, 803 F.2d 778, 780 n. 4 (3d Cir. 1986).

Cir. 1991); see 15 U.S.C. § 1057(b). Validity of an unregistered trademark depends on the mark's level of inherent distinctiveness. *A.J. Canfield Co. v. Honickman*, 808 F.2d 291, 296 (3d Cir. 1986).

Marks are divided into four classifications depending on level of distinctiveness: (1) generic; (2) descriptive; (3) suggestive; and (4) arbitrary or fanciful. *Id.*

Generic terms are those that "function as the common descriptive name of the product class." *Id.* Descriptive terms convey "an immediate idea of the ingredients, qualities or characteristics of the goods." *Id.* at 297 (internal quotations and citation omitted). Suggestive marks require consumer "imagination, thought, or perception" to determine the identity of the product. *Id.* Arbitrary or fanciful marks use terms that neither describe nor suggest anything about the product; they "bear no logical or suggestive relation to the actual characteristics of the goods." *Id.* at 296 (internal quotations and citation omitted).

To qualify for trademark protection, a mark must be suggestive, arbitrary, or fanciful; or it must be descriptive with a demonstration of secondary meaning. Generic terms are never entitled to protection. *A&H Sportswear,* 237 F.3d at 222 (citations omitted).

Secondary meaning exists where the mark "is interpreted by the consuming public to be not only an identification of the product or services, but also a representation of the origin of those products or services." *Commerce Nat'l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc.*, 214 F.3d 432, 438 (3d Cir. 2000) (internal quotations and citations omitted). In other words, secondary meaning is acquired when the primary significance of a mark, in the minds of

the consuming public, is to identify the product's source, rather than the product itself.

The United States Court of Appeals for the Third Circuit has identified a non-exhaustive list of factors that courts should consider in determining whether a mark has acquired secondary meaning: (1) the extent of sales and advertising leading to buyer association; (2) length of use; (3) exclusivity of use; (4) the fact of copying; (5) customer surveys; (6) customer testimony; (7) the use of the mark in trade journals; (8) the size of the company; (9) the number of sales; (10) the number of customers; and (11) actual confusion. *Id.*

1. R&B's "MM" Mark

The plaintiff claims that the defendants have infringed R&B's rights in the unregistered "MM" mark by selling genuine Motormite products that are imprinted with the "MM" designation. The defendants argue that R&B's "MM" mark is not valid and protectable because the mark is descriptive and R&B cannot show that the mark has acquired secondary meaning.

At the preliminary injunction stage, the plaintiff did not present evidence that the defendants sold products stamped with the "MM" mark. In connection with this summary judgment motion, the plaintiff introduced samples of products in Needa? packaging. Pl's, Exs. 1A-1O. NPM products are sold in clear plastic packages affixed to blue and yellow cards. The automotive part can be seen through the plastic. Upon reviewing the product samples provided by the plaintiff, the Court notes that it can see the "MM" imprinted on some of the products. See Pl's. Exs. 1A-1C, 1G-1H, and 1J-1O. In most cases, the Court had to

manipulate the package and peer at the product to locate the "MM" imprint. In any event, the plaintiff has presented sufficient evidence to show that the defendants have offered products for sale that are stamped with the "MM" designation.

In deciding the motion for preliminary injunction, the Court held that even if the plaintiff did show use, it failed to show that the "MM" mark is valid and protectable because the evidence was insufficient to support a finding of secondary meaning. In affirming the Court's decision, the Court of Appeals agreed that R&B did not meet its burden of proving validity of the mark. *R&B*, 50 Fed. Appx. at 527.

The plaintiff now advances a new legal argument that was not raised in the preliminary injunction motion. The plaintiff contends that the letters "MM" are an abbreviation for MOTORMITE, and that as the term MOTORMITE is a fanciful mark, the abbreviation "MM" is entitled to protection without a showing of secondary meaning. The plaintiff does not argue that the "MM" mark is itself inherently distinctive. Rather, the plaintiff cites one 1994 case from the Southern District of New York in support of the legal proposition that an abbreviation should be treated as inherently distinctive if the underlying words are inherently distinctive. See Pl's. Post-Argument Brief at 5 (citing *GFC Fin. Corp. v. GFC Capital Resources Group*, 1994 U.S. Dist. LEXIS 1538, 1994 WL 30432 (S.D.N.Y. Feb. 2, 1994)).

Even accepting this legal proposition as true, the Court finds that, at a minimum, the plaintiff must show that consumers associate the "MM" mark with Motormite. See *G. Heileman Brewing Co. v. Anheuser-Busch, Inc.*, 873

F.2d 985, 994-95 (7th Cir. 1989) (stating that the distinctiveness of an abbreviation should be determined in light of the way that consumers perceive the abbreviation in relation to the underlying words or phrase). The plaintiff's argument makes no logical sense if consumers do not associate the "MM" mark with Motormite, i.e., the mark "MM" cannot take on the inherent distinctiveness of the Motormite mark if consumers do not know that "MM" is an abbreviation for Motormite.

The plaintiff did introduce some evidence to show that R&B's customers identify the "MM" designation with Motormite. This evidence consists of the following exchanges between counsel and the witness, a former regional sales manager for R&B, during the preliminary injunction hearing:

> Q: Have you had any experience in your time in the field where people referred to Motormite just using the double M's?
>
> A: Yes.

Tr. I at 235 (testimony of Todd Northey).

> Q: Going back to the MM for Motormite, is the MM in your experience recognized when it's on a part as indicating that the part originates from Motormite?
>
> A: Yes.

Id. at 250.

> Q: Has it been your experience in the industry as a sales individual for Motormite that people will refer to Motormite products using the MM?

> A: Yes. We even have specific customers that even use MM as our line code in their own computer system.

Id. at 251.

As the Court of Appeals found when it affirmed the denial of the preliminary injunction, however, this evidence was "very thin." See *R&B*, 50 Fed. Appx. at 527. The plaintiff has introduced no additional evidence which would lead the Court to a different conclusion. Taking this evidence in the light most favorable to R&B as the non-moving party, the Court finds that no reasonable fact-finder could conclude that the plaintiff has shown that the mark "MM" is valid and protectable. The Court will, therefore, grant the defendants' motion for summary judgment with respect to the plaintiff's claim that NPM's use of the "MM" mark infringes R&B's rights in that mark.

2. R&B's Part Numbers

The plaintiff claims that its part numbers serve as grade or style designations, and that the defendants' use of the part numbers constitutes trademark infringement. The defendants admit that they have used the plaintiff's part numbers, but the defendants argue that the plaintiff has not shown that the part numbers are legally protectable trademarks because there is insufficient evidence that the part numbers have acquired secondary meaning.

Grade or style designations are descriptive marks that are entitled to trademark protection only upon a showing of secondary meaning. *J.M. Huber Corp. v. Lowery Wellheads, Inc.*, 778 F.2d 1467, 1469 (10th Cir. 1985); Thomas J. McCarthy, McCarthy on Trademarks and Unfair Competition § 11:37 (4th ed. 1998).

To establish secondary meaning, R&B relies on the testimony of a former regional sales manager that he has witnessed customers ask for Motormite parts by the part number. Tr. I at 191, 212-16 (testimony of Todd Northey). The witness did not testify as to whether the customers associated the part number with R&B or with the part itself. The witness further stated that the customers were only familiar with the numbers of the most popular Motormite parts. *Id.* at 214.

Based on this scant evidence, the Court finds that no reasonable factfinder could conclude that the part numbers function as a source identifier for R&B's goods in the minds of consumers. The Court will grant summary judgment to the defendants on this claim.

C. Repackaging Claims

The plaintiff claims that NPM purchases Motormite parts and repackages them under the Needa? name. The plaintiff frames this as a trademark infringement claim, as well as a claim for false designation of origin and common law unfair competition. See Pl.'s Mem. in Opp. at 26 n. 12. The complaint states that the plaintiff's claim of false designation of origin relates to "Needa's misuse of MM, NEED! or Motormite trademarks." Complaint at ¶ 87. The plaintiff has stipulated that it is not pursuing a claim that NPM misused the Motormite trademark, and the defendants are not moving for summary judgment on the plaintiff's claims related to the NEED! trademark. Thus, for purposes of this motion, the Court will address the plaintiff's "repackaging" claims in relation to the defendant's practice of selling parts with the "MM" designation in Needa? packaging.

In denying the motion for preliminary injunction, the Court found that the plaintiff failed to show a likelihood of success on the merits on the repackaging claim because the defendants' repackaging did not involve any of the plaintiff's trademarks. The Court of Appeals affirmed the Court's decision stating that the repackaging claim fails for the same reason as the plaintiff's "MM" trademark infringement claim, i.e., because the plaintiff did not carry its burden of showing that the "MM" mark is valid. 50 Fed. Appx. at 527.

The plaintiff introduced new evidence to support its repackaging claim. See Myers Decl., Pl's. Ex. 1. Barry Myers, the plaintiff's Vice President and General Counsel, stated that R&B markets the HELP! line of products toward DIY members of the public as safe and easy to use. Myers Decl., Pl's. Ex. 1 at 4-5. R&B includes instructions on the HELP! product packages to show DIYers how to use the product. Pl's. Ex. 1P. The Needa? packaging does not contain this kind of information. According to Myers, the lack of information on Needa? packaging increases the likelihood that consumers will install the product incorrectly. Myers Decl., Pl's. Ex. 1 at 5-6. The plaintiff contends that any resulting consumer dissatisfaction will be directed toward R&B because the "MM" mark is stamped on the product.

This new evidence does not address the issues raised by this Court or the Court of Appeals at the preliminary injunction stage. As the Court discussed in the previous section, the plaintiff has not introduced any evidence to show that DIY consumers associate the "MM" mark with R&B. Thus, even if consumers are more likely to misuse products sold under the Needa? name, there is no evidence to support the plaintiff's position that consumers will

direct their dissatisfaction toward R&B. The Court will grant the defendant's motion for summary judgment on the plaintiff's repackaging claims.

D. Other State Law Claims

The plaintiff brings three claims under state law: breach of contract; tortious interference with contractual relations; and breach of fiduciary duty. At the oral argument on the motion for summary judgment, counsel for the plaintiff stated that each of these claims is based on the plaintiff's allegation that Mr. Koleszar used confidential information that he obtained while working for R&B in his work for NPM.

The confidential information the plaintiff claims that Mr. Koleszar had and disclosed has changed over time. Initially, the plaintiff moved for a temporary restraining order to prevent Mr. Koleszar from using information concerning the 500 most profitable parts sold by R&B. At the time of the preliminary injunction hearing, the plaintiff withdrew its request for an injunction based on the disclosure of confidential information because the discovery process that preceded the injunction hearing revealed that Mr. Koleszar had not had access to the information concerning the profitability of the parts. The plaintiff's own witness testified to this fact. The plaintiff apparently based its claim that the defendants used information on profitability on the fact that the defendants were selling the 500 fastest moving items that were also the most profitable. But the information regarding the plaintiff's fastest moving items was public. See Transcript of Preliminary Injunction Hearing, April 18, 2001, at 12-14.

In its opposition to the defendant's summary judgment motion, the plaintiff did not set forth specifically what confidential information it now claimed the defendants had access to and used. Instead, the plaintiff complains that it needs more discovery. This case is four years old and the time for discovery is over. The plaintiff should have come to the Court earlier to request more discovery. The plaintiff has not filed a Rule 56(f) affidavit, setting forth what it needs and why the additional information would change the result here.

As best as the Court can understand the argument at this point, the plaintiff claims that Mr. Koleszar had some confidential information with respect to customers that he used to decide on which customers to call. Mr. Myers, a witness for the plaintiff, testified that the existence of R&B's customers is not confidential. Indeed, R&B discloses the list of some of their customers to the Securities and Exchange Commission as mandated by law. He also conceded that Mr. Koleszar was not permitted access to certain information including the general ledger, the accounts payable system, any balance in the accounts receivable system, or the vendor system, which includes vendor pricing. Nor was Mr. Koleszar privy to profit margins for individual parts. The plaintiff has not come forward with any evidence that Mr. Koleszar had access to any confidential information that he thereafter disclosed to anyone. Summary judgment will be granted on these state law claims.

An appropriate order follows.

ORDER

AND NOW, this 23rd day of August, 2005, upon consideration of Defendants, Needa Parts Manufacturing, Inc. and James Koleszar's Motion for Summary Judgment (Docket No. 86), Plaintiff's Memorandum of Law in Response to Defendants' Motion for Summary Judgment (Docket No. 95), Bench Memo in Support of Plaintiff's Opposition to Defendant's Motion for Summary Judgment (Docket No. 104), and a hearing on April 6, 2005, IT IS HEREBY ORDERED that, for the reasons set forth in a memorandum of today's date, the defendants' motion for summary judgment is GRANTED. Summary Judgment is granted on all claims except for the claim that the defendants infringed R&B's registered trademark "Need!."

BY THE COURT:

/s/ Mary A. McLaughlin

MARY A. McLAUGHLIN, J.